

WORLD NEWS EUROPE

Germany plans two Holocaust funds

By Frederick Stüdemann in Bonn
Germany has said it plans to set up two funds to compensate for Nazi aggression...

US reaction to the umbrella fund was strongly positive, although most Holocaust campaigners stressed that the process was still at an early stage.

Next Tuesday's meeting will follow talks held earlier this week in Washington between Bodo Hombach, a chancellor minister and Mr Schröder's fixer...

German industry in the US. Rolf Breuer, chairman of Deutsche Bank, which last week published documents revealing it had helped finance the building of Auschwitz...

and use of forced labour in concentration camps. It is about the grand-children making good the mistakes of their parents and grand-parents...

year with a \$125bn settlement, would have been resolved much more swiftly if the Swiss government had become involved.

Plan to harmonise taxes wins support

By Emma Tucker in Brussels
The European parliament yesterday backed unequivocally plans to harmonise savings taxes across the European Union...

Spain attacks UK over Gibraltar

By David White in Madrid
The temperature of the Gibraltar dispute rose sharply yesterday as Abel Matutes, Spanish foreign minister, accused the UK of failing to keep its word...

and, if necessary, prohibiting Gibraltar-bound civil aircraft from overflying Spain, he said. The threats were angrily received in Gibraltar...

Spanish sovereignty". Mr Matutes, describing Gibraltar as "a parasite economy", also announced an inter-ministerial meeting today to discuss plans for the surrounding zone...

ber with Robin Cook, British foreign secretary, to prevent clashes over Spanish fishing in waters off Gibraltar, over which Madrid says the UK has no legal rights.

ment said it knew of no such document. Rafael Estrella, a foreign affairs spokesman for Spain's Socialist opposition party, criticised Mr Matutes' handling of the dispute...

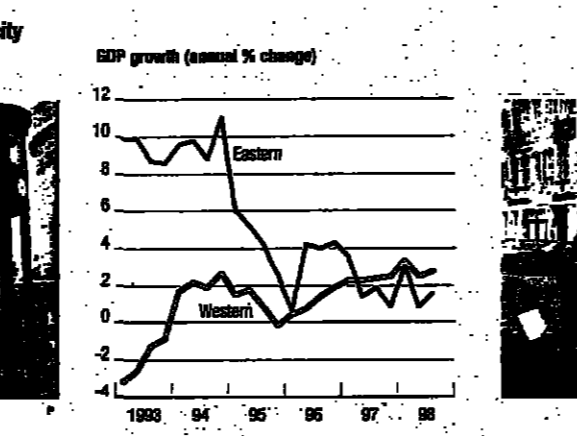
E German economy feeling chill winds

But it could be showing the way on flexible working conditions, writes Tony Barber

Shoppers in east Berlin snowed from the single market, was delighted with the veto. Although it is not required to take on parliamentary amendments...

Germany: still two tales of one city

Two of France's industrial groups, Elf Aquitaine and Rhône-Poulenc, are among 15 chemical and oil companies, more than half of them non-German...



ment-funded infrastructure projects go under way. But the industry underwent a painful contraction last year, having already built more office and administrative space between 1990 and 1997...



Both managers and workers believe these deals are more likely to improve productivity and secure jobs than the rigid agreements, imposed across entire industrial sectors...

IG Metall eyes strike ballot as pay talks fail

Germany last night faced its most serious strike threat since unification in 1990 after the collapse of wage negotiations between metal industry employers and the nation's largest trade union.

Lafontaine fails to head off tax criticism

Oskar Lafontaine, Germany's finance minister, failed yesterday to head off fierce criticism from industry of his latest tax reform plans, despite announcing a series of changes intended to help smaller, family-owned businesses.



ers are scheduled to meet government ministers on February 26 for what would be the second plenary session of the Alliance for Jobs initiative since Mr Schröder's election victory in September.

Large trade surplus recorded

Germany notched up its second highest visible trade surplus last year but failed to match exporters' expectations, according to official figures released yesterday.

NEWS DIGEST

RAMBOUILLET PEACE TALKS

Milosevic signals hardline stance over Kosovo

In his first public comment since peace talks began last weekend in France, Slobodan Milosevic, Yugoslav president, yesterday delivered a hardline statement in Belgrade, saying any political solution to Kosovo must respect "the territorial integrity and state sovereignty of Serbia and Yugoslavia".

EUROPEAN PARLIAMENT

Copyright plans win backing

Private copying of electronically transmitted music and films would be outlawed under an amendment to the European Union's copyright directive backed by the European Parliament yesterday.

ESTONIA DISASTER

Retrieval of bodies unlikely

The Swedish government is today expected to decide against retrieving bodies from the wreckage of the Estonia, the Baltic Sea ferry, which sank in 1994 with the loss of 852 lives.

GERMAN ECONOMY

Large trade surplus recorded

Germany notched up its second highest visible trade surplus last year but failed to match exporters' expectations, according to official figures released yesterday.

Vertical sidebar containing various advertisements and news snippets, including 'Prodi's political catches Italia', 'My movement', 'EIB questions', 'The powerful reg...', and 'Lafontaine fails to head off tax criticism'.

DEMOCRATS FOR OLIVE TREE FORMER PM'S MOVEMENT IS HAVING UNEXPECTED SUCCESS

Prodi's political resurrection catches Italians off guard

By James Fitz in Rome

Never say die in Italian politics. Four months ago Romano Prodi was pronounced politically dead...

Today he is the most talked about figure on Italy's turbulent political scene and could wield great influence over future developments.

At the end of last week Mr Prodi created a new political movement, called Democrats for the Olive Tree...

He is therefore accused by former allies of fragmenting the centre-left coalition, undermining the government of Massimo D'Alema...

Sitting in his Rome office yesterday, 59-year-old Mr Prodi shrugged off the critics.

"I have no choice but to do what I am doing. If I do

nothing, D'Alema and the centre-left are going to lose the next election anyway. My movement is the only way of making sure that the centre-left unites again and that the right are kept out of government."

The speed of the "Prodi bandwagon" is taking people by surprise. Until recently the ex-premier was believed to be a strong candidate to

'My movement is the only way of ensuring the centre-left unites again'

take over from Jacques Santer as president of the European Commission. He refuses to comment on speculation that Germany and Spain may be hatching alternative plans for the job...

But he admits: "I always took the view that I never had more than a 20 per cent chance of getting it anyway."

Meanwhile, his new movement is having far more success than he had expected. Opinion polls suggest it could get 10.5 per cent of the vote at the European elec-



Romano Prodi always took the view that he never had more than a 20 per cent chance of getting top Commission job

Anomalies of French work hours revealed

By Robert Graham in Paris

A report commissioned by France's Socialist-led government has exposed the enormous disparities in the working hours of the country's 4.3m public servants.

On average, the report shows, French civil servants work 35-37 hours a week, compared with the standard 39-hour week in the private sector. However, hours worked vary widely - from 29 hours a week to 40 hours.

The amount of leave and holidays taken also differs sharply.

The report has been prepared against the background of government plans to extend to public servants the introduction of a 35-hour week. However, the anomalies it has exposed are likely to complicate any discussion on cutting the working week...

At the culture ministry the holidays vary from 30 days to 70 days a year, with wide fluctuations in hours worked

structural changes in the high cost of public sector wages. There are some 2.5m civil servants employed directly by the central government, a further 1.8m by local authorities and another 700,000 in the public health system.

One of the principal abuses commented on in the report was the practice of allowing special days off in addition to existing holidays, plus huge variations in the number of holidays enjoyed within each ministry.

At the culture ministry the holidays vary from 30 days to 70 days a year. The same ministry has the widest fluctuation in hours worked.

When the government of Lionel Jospin announced in October 1997 its plans to introduce a 35-hour working week, the public sector was excluded. Without any formal statement, the government let it be known the civil service was already considered over-staffed and underworked.

UKRAINE POWER DECOMMISSIONING OF CHERNOBYL PLANT IN 2000 IS LINKED TO CONSTRUCTION OF NEW PLANTS

EIB questions Kiev's nuclear reactor project

By Charles Clover in Kiev

The European Investment Bank has questioned the economic viability and necessity of two nuclear reactors which the Ukrainian Union plans to help Ukraine build as a condition for closing the Chernobyl plant.

But despite the findings, set out in a January 26 memorandum to the European Commission, the EIB recommends that Brussels continues to support the project.

The Commission, the EU's

executive arm, had asked the EIB for its recommendation on the proposed \$440m (\$500m) in EU financing to help build Khmelnistky-2 and Rovno-4 (K2R4) reactors in western Ukraine.

The EIB's memorandum concluded that "a substantial degree of uncertainty attaches itself to a number of key parameters of the project". It listed likely cost over-runs and the prospect that the new power stations - to be built at an estimated cost of \$1.7bn - would not

be able to pay back the EU loan as reasons why "the [EIB] has been unable to establish a stand-alone economic justification for the K2R4 project".

According to the EIB's memorandum the economics of the new reactors are undermined by the fact that Ukraine's power industry collects only 5-10 per cent of its revenues in cash, making up the remainder in barter.

It also found that Ukraine currently had no need for new electricity generators. "The Ukrainian electricity system will probably have substantial excess capacity in relation to peak demand with an acceptable reserve margin until at least 2006, even taking into account the targeted decommissioning of Chernobyl in 2000," it said.

Kiev has long made closure of the Chernobyl nuclear power station, site of the world's worst nuclear accident in 1986, conditional on the construction of the new reactors.

there were electricity outages in Ukraine, these were due to non-payment by consumers rather than lack of capacity.

Greenpeace, the environmental group which has been lobbying against the new reactors, said: "The EIB report shows what previous independent analysis has indicated, that the closure of Chernobyl is not dependent on the completion of K2R4."

Despite the problems outlined, the EIB memorandum concluded that the project

THE AMERICAS

The powerful regiment lined up behind the general

Augusto Pinochet, former Chilean dictator, has an array of rich friends determined to support him as long as he needs them. Jimmy Burns and Mark Mulligan report

Within the next month, General Augusto Pinochet will know whether he faces a long period of involuntary exile or whether he will be able to catch the next aircraft back to Chile.

But whatever the outcome of the UK House of Lords deliberations regarding his extradition to Spain, he knows that he will not be short of an impressive array of rich and powerful friends determined to support him financially and politically as long as he needs them.

The network has been able to count on an impressive logistical back-up to help boost the fighting fund, including special travel arrangements, a nationwide telephone link-up, and a propaganda campaign devised for the internet by one of Britain's most successful public relations executives.

In the UK the support ranges from former prime minister Lady Thatcher to Patrick Robertson, former director of communications for the late businessman Sir Jimmy Goldsmith.

They include prominent figures in the City of London, such as Charles Alexander a senior investment banker, with more than 20 years of doing business in Chile, who signed a long article in support of the former dictator in the Daily Telegraph last month.

Since he was detained in October by British police, there has been no shortage of Chilean politicians and ordinary sympathetic citizens lining up in front of the TV cameras to voice their outrage at General Pinochet's treatment.

In fact the general's existence under arrest remains relatively privileged for a man facing charges of genocide and torture. He is living in a house in Surrey, together with his wife, chauffeur, side-de-camp, butler, and cook, his personal staff, exercise equipment, video, and library of books funded by the Chilean army.

The general's army: an impressive array of friends



Carlos Cáceres, Auguste Pinochet, Ricardo Claro

obtained 29.4 per cent. In Chile, the latest campaign has been co-ordinated through the offices of the Pinochet Foundation, a private trust set up to help retired military men and their families.

One of the biggest single contributors to the foundation is the foundation's president, Hernán Briones, whose holding company Briones controls interests in real estate and building materials. Bio Bio, the group's main interest, is one of the country's biggest cement groups and is listed on the Santiago stock exchange.

It was Mr Briones who five years ago organised Lady Thatcher's first and only visit to Chile as part of a worldwide lecture tour. Mr Briones, together with the former finance minister Carlos Cáceres, and real estate developer Hernán Gulloff, are the three signatories of a special account opened with Banco de Chile soon after Gen Pinochet's arrest in October.

Mr Cáceres, is a board member of the influential business-focused private University Adolfo Ibáñez, and a former board member of Enefers, Chile's largest elec-

tricity distributor, which is now the subject of a \$1.45bn hostile bid by Endeesa of Spain.

He is also known to have contributed a large amount of money to the Pinochet campaign. Another business leader said to have given generously to the fund is Eugenio Heitmans, president of the Chilean Insurance Association, and owner of EST, an insurance group.

Mr Cáceres and Mr Heitmans managed Gen Pinochet's campaign for an extended term during the plebiscite of 1988, which resulted in the transition to the democratically elected Patricio Aylwin government.

Also helping cover Pinochet's costs is Ricardo Claro, one of Chile's wealthiest individuals, whose interests include a 50 per cent holding in El Diario - the financial daily in which the Spanish media group Recoletos, has a 14.9 per cent stake - a 50 per cent holding in Megavisión, the commercial television network, and the Viña Santa Rita vineyards, one of the country's main wine exporters. Pearson, owner of the Financial Times, is the majority owner of Recoletos. Televisa, the Mexican television group which holds the

NEWS DIGEST

IMPEACHMENT

Clinton plans to make new address over affair

President Bill Clinton is expected to make a new address to the nation about the Monica Lewinsky scandal as soon as the Senate has taken its final votes on the impeachment charges against him, White House officials indicated yesterday.

Mr Clinton is expected to stress his regret at having put the country through such a long ordeal and to appeal to Republicans to put the matter behind them and work with the White House on a substantive policy agenda. The decision comes as the US Senate moves towards a final vote on the charges that Mr Clinton committed perjury and obstructed justice in covering up his affair with Ms Lewinsky.

Trent Lott, Senate majority leader, said he hoped to hold both votes today "if at all possible". Mark Suzman, Washington

MINAS GERAIS

Government steps in over bond

The Brazilian government yesterday repaid part of an international bond issued by the state of Minas Gerais in the latest twist in its dispute with states over debt obligations.

Pedro Parente, deputy finance minister, said the government had repaid around half of the \$108m international bond issue which matured yesterday, in an attempt to ease investor concerns about the risk of default by state governments. The decision to bail-out Minas Gerais came after Izamar Franco, the governor since January, said the state could not meet the payment in full.

Meanwhile, the central bank announced that Luiz Fernando Figueiredo, treasury director at Banco BBA-Creditanstalt, had been appointed as the new director of monetary policy, while Daniel Gleizer, economist at CSFB-Garantia, the investment bank, would become director for international affairs. Geoff Dyer, São Paulo

US BANKING LAWS

Congress pressed on reform

Top executives of US financial institutions urged Congress yesterday to act swiftly to modernise America's banking laws, saying the country was being left behind while other nations knocked down barriers between banking, insurance and securities companies.

At issue is the much attempted but never accomplished reform of the 66-year-old Glass-Steagall Act. It was enacted after the stock market collapse of the late 1920s. In a climate of distrust of the financial sector, the act bars banks from underwriting or dealing in securities and from affiliating with companies that are "engaged principally" in those activities. Deborah McGregor, Washington

On the web today

Canada plans public sector pension reform • US steelworkers step up action on dumping • New internet trading system breaches the final frontier http://www.ft.com/americas

NEWS DIGEST

FRANCIS PACE TALKS
Milosevic signals hardline stance over Kosovo

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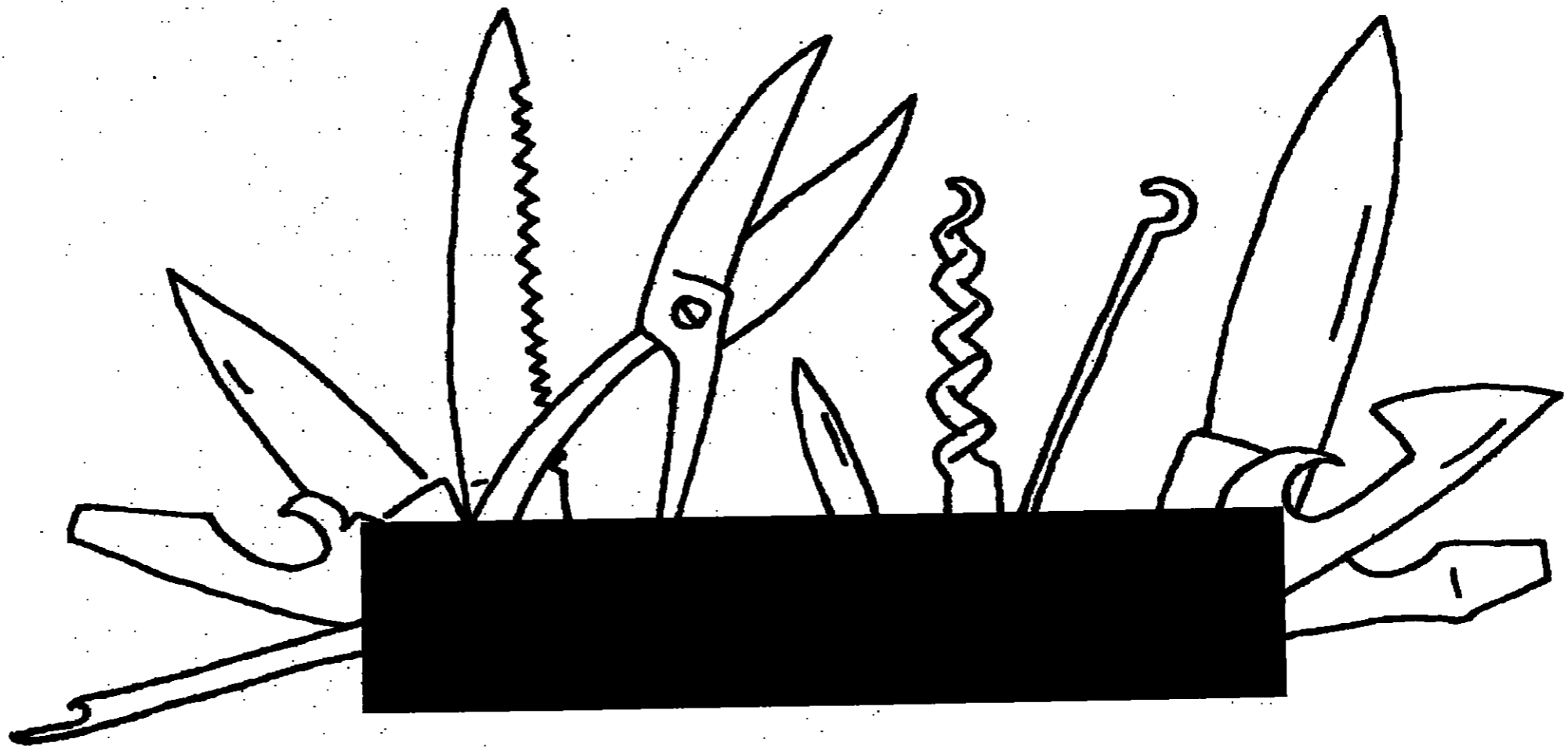
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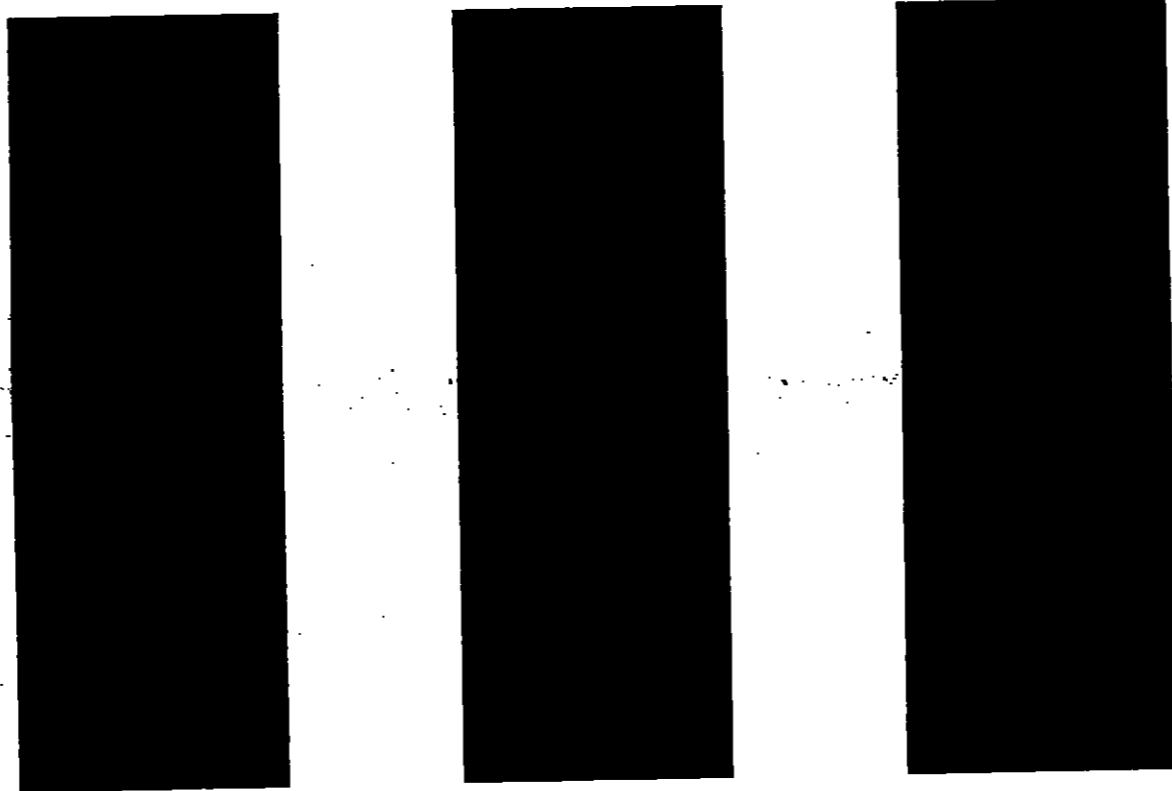
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BRITAIN

WORLD SERVICE CUTS AIM TO MEET TIGHT BUDGET AFTER RESEARCH FINDS THAT COUNTRY'S AUDIENCE LISTENS IN ENGLISH

BBC to axe German language service

By John Gapper, Media Editor

The BBC World Service is to close its German language service and reduce others to try to remain within its UK government funding settlement over the next three years.

The BBC said it had found that nine out of 10 opinion formers - its target audience - in Germany listened to the World Service in English. The corporation also intends

to trim services in Thai, Arabic, Portuguese for Africa and Russian. The BBC said these language services would become "more focused" and it would retain 43 language services.

The German service was founded in 1939. The BBC has increasingly concentrated efforts on reaching emerging markets.

The World Service, which is financed through grant-in-aid from the Foreign Office, said it also intended

to invest £14m (\$23m) in improving its internet services, including the broadcast of all language services via its web site.

The service's budget of £160m in 1998 is to rise by £44m over the next three years, of which £20m will be invested in operations. The remainder will be used as capital investment in broadcasting infrastructure. The cuts are expected to involve the loss of up to 50 jobs though 26 will be created. It

will also increase the range of FM broadcasts of remaining services.

Mark Byford, chief executive of the service, said it intended to provide "unrivalled news and information" on the internet for the 300m people estimated to be connected by 2002.

He added that the service intended to be broadcast on FM frequencies in as many capital cities as possible.

● The UK's first interactive property auction was held

yesterday in the ballroom of a London hotel, Christopher Price writes. The auctioneer stood above a bank of laptop computers and in front of a projector screen showing the properties and the bidding on the internet. Facilities for bids by telephone were situated to the auctioneer's right watched by an audience of about 300.

Internet bidders each had to lodge a 10 per cent deposit of the reserve price of a property they were inter-

ested in with Allsops, the auction house, before being allowed to take part. All those using the internet came from outside London, including one potential buyer from South Africa.

Internet users saw a photograph of the property, some particulars and the reserve price. As bidding began, the web site showed the price changing, by how much and whether the offer had come from the floor, the telephone or the internet.

NEWS DIGEST

NORTHERN IRELAND

Business leaders urge progress in peace talks

Northern Ireland's business and trade union leaders yesterday broke their silence on the continuing political stalemate, urging parties to "pull back from the collision course" over the role of Sinn Féin, the political wing of the Irish Republican Army, in the new regional government. In its first statement since the peace deal was struck last April, the so-called Group of 7 business leaders deplored the "savagely acts of lawlessness which are now an everyday occurrence". The group, which includes the Confederation of British Industry and the Institute of Directors, the employers' lobbies, as well as the Irish Congress of Trade Unions, proposed what it called a "workable solution" to the impasse over the decommissioning of paramilitary arms. It said the agreed power-sharing executive, in which Sinn Féin is entitled to two seats, should be set up as the agreement requires simultaneously with paramilitary groups making a start to hand over weapons. Sir George Quigley, Ulster Bank and G7 chairman, said the group had "no political axe to grind", but argued the best way forward was the establishment of an executive and the simultaneous start of disarmament by republican and loyalist gunmen. "That is what political reality requires and the creation of a normal, decent society demands. For everybody to wait for somebody else to move before moving themselves is a sure recipe for permanent immobility," John Murray Brown, Dublin

BRITISH AIRWAYS

Travel agent commission cut

British Airways, which this week announced its first-ever third-quarter loss, has reduced payments to travel agents as part of its £1bn (\$1.64bn) cost-cutting drive. Travel agents yesterday criticised the change and said it would not help BA achieve its aim of increasing business class sales. The loss of business class passengers was one of the reasons behind BA's £75m pre-tax loss. The airline is telling travel agents it is abandoning the controversial commission structure it set up last year. That cut agents' commissions to 7 per cent from the previous levels of 9 per cent for international flights and 7.5 per cent for domestic services. Travel agents were told last year they could increase their commission above 7 per cent if they reached certain targets for ticket sales. The European Commission issued a statement objecting to this system and was due to announce a final decision next month. BA said yesterday that from the end of March it would instead pay agents a flat rate of 7 per cent.

BA said it was not changing its system primarily to cut costs or to head off action by Brussels. But travel agents said they had little doubt the move was aimed at reducing costs. BA has so far achieved £600m of its planned £1bn of cost savings.

"It's now the turn of the distribution system to feel the brunt of that attack," said Don Lunn, chairman of the Guild of Business Travel Agents, Michael Skapinker, London

SOCIAL SECURITY BENEFITS

Claimants to face interview

Everyone of working age - including lone parents and the disabled - will be required to participate in a work-focused interview before becoming entitled to benefit, under the welfare reform bill published yesterday. The bill marks a further marked shift in the government's approach. "There is no unconditional right to benefit," said Alistair Darling, chief minister for social security, adding that people had a responsibility to take up help to get into work. Mr Darling announced what he described as "a radical change in the [welfare] culture" and said the single work-focused gateway into benefits will provide a new regime "far tougher than people thought", requiring individuals to discuss with a personal adviser how they can become independent of the benefit system, with advice on skills, education and training. Nicholas Timmins, London

RAIL OPERATORS

Punctuality record worsens

The punctuality of the privatised rail companies fell last year, John O'Brien, the franchising director, said yesterday. Punctuality declined on 45 of the 77 routes on the national network and improved on 29. Three were unchanged. But reliability improved with 37 routes reducing cancellations, 31 increasing them and nine unchanged. "Punctuality remains poor and was down compared to the previous year," said Mr O'Brien. "These results are not good enough." But even these results would not have been achieved if the train companies had not made extensive use of their right to exclude days on which performance is exceptionally poor. Previously, only a handful of days were excluded each year but in 1998 the companies declared 390 days "void", with Richard Branson's Virgin Trains accounting for 138 days. Yesterday's performance review was the most comprehensive to be published since privatisation. Charles Batchelor, London

PETROCHEMICALS

BP sheds 400 jobs in Scotland

BP is to shed 400 jobs at its complex at Grangemouth in central Scotland. It said it needed to improve efficiency and reduce costs in the face of a flat global economy, low oil prices and simultaneous downturns in the exploration, refining and petrochemical businesses, all of which are represented at Grangemouth. James Buxton, Edinburgh

Opposition leader seeks advice from US

FT writers report on William Hague's trip to see George W Bush and study his brand of 'compassionate conservatism'

Opinion polls consistently give a low rating to William Hague, leader of the opposition Conservative party, but he escaped the gloomy political scene in London yesterday for a rejuvenating five-day visit to North America.

He hopes to witness the charisma and "compassionate conservatism" of George W Bush, governor of Texas, and try to acquire some of his political appeal.

Cynics in Tony Blair's Labour government think Mr Hague has more in common with Joe Clark, the leader of the Canadian Conservatives, whom he will meet in Toronto. Mr Clark's party, once the country's dominant force, is a tiny rump in the Ottawa parliament.

But Mr Hague's visit to

Austin, Texas, Mr will attract most attention.

Mr Bush, still undeclared, is the leading contender for the Republicans' presidential nomination in next year's election. He knows how to connect with a crowd, immediately shouting a warm "good morning" before a prayer service on the morning of his inauguration, then quickly summoning his Spanish for a few added words of appeal.

The moderate Mr Bush preaches broad themes of inclusiveness and bi-partisan co-operation. He has been a strong supporter of education and the fight against drugs but remains non-committal on some thornier issues - including abortion - that religious conservatives would like to see addressed.

Mr Hague has already started down the road of making the British Conservatives more tolerant. His first speech as Conservative leader in October 1997 stressed the need for the party to embrace homosexuals, single parents and other bogey-figures of the Thatcher years.

But there are signs he is unsure about whether this modern Conservatism will work. He appeared last week to turn the clock back, with a speech about the importance of marriage and the need to reform the tax system in favour of married couples.

The parallels between the travails of the British Conservative party and the US Republicans are not that apparent. The Conservatives are still grappling with internal divisions, mostly over Britain's role in Europe. They are striving to make their presence felt at all in a House of Commons in which

the Labour government has an overwhelming majority.

But there is one obvious challenge the two parties have in common. Both have seen their opponents - Tony Blair's Labour and Bill Clinton's Democrats - move to the centre ground over the past few years, stealing many traditionally conservative positions on economic and international policy.

Mr Hague hopes Mr Bush will have concrete policy advice for a British party still groping for a distinctive platform. "He wants to see how the Republicans in Texas turned around their image and reconnected with people," said one of Mr Hague's officials.

Likewise, Mr Bush, who has been busy briefing himself on world events in the past two months, will be eager to hear Mr Hague's views on Britain and Europe, as well as on domestic policies.

They may forge a warm

- **Rise and fall of the Labour party**
- **1974** Conservative Party led by Edward Heath defeated in National election. Labour Party under Harold Wilson takes over
- **1978** Writer of *Labour's* Labour government wrestles ineffectually with issues of inflation and public services
- **1979** Conservative Party under Margaret Thatcher sweep back to power in national election
- **1981** Thatcher's first election victory against Labour party led by Neil Kinnock
- **1984-85** Trade wars throughout the disputes in countries and in Rupert Murdoch's first newspaper plant in Wapping, district of London
- **1987** Thatcher's third election victory, again over Kinnock
- **1990** John Major replaces Thatcher as Conservative leader
- **1992** Conservatives win national election with reduced majority
- **1994** Tony Blair becomes Labour leader
- **1995** Major survives challenge to his leadership of the party despite bitter public dispute about membership of European Union
- **1996-97** Conservative Party's performance in local elections was mixed
- **1997** Conservative Party's performance in national election was poor and it was left with only 19 per cent of a majority of 179 seats
- **1998** English heartlands elect Labour MPs

personal relationship, if not like that enjoyed by Mr Clinton and Mr Blair then perhaps like that between Mr Hague's predecessor, John Major, and Mr Bush's father, the former president.

They may - faced with the

challenge of powerful centre-left governments in each country - reinforce each other's resolve, adding a twist to the bilingual Mr Bush's words at last month's inauguration: "Juntos podemos" - "Together we can".

Electricity pension members in court win

By John Mason and Jane Morrison

Electricity industry pension scheme members yesterday won a substantial legal victory when the Court of Appeal in London ruled that National Grid and National Power acted illegally in using £250m (\$374m) of pension fund surpluses to pay for post-privatisation redundancies.

The judgment has wide implications for both the electricity and pensions industries. The court ruled in effect that surpluses totalling £1.5bn inherited after privatisation should be used primarily for the benefit of pension scheme members rather than the companies.

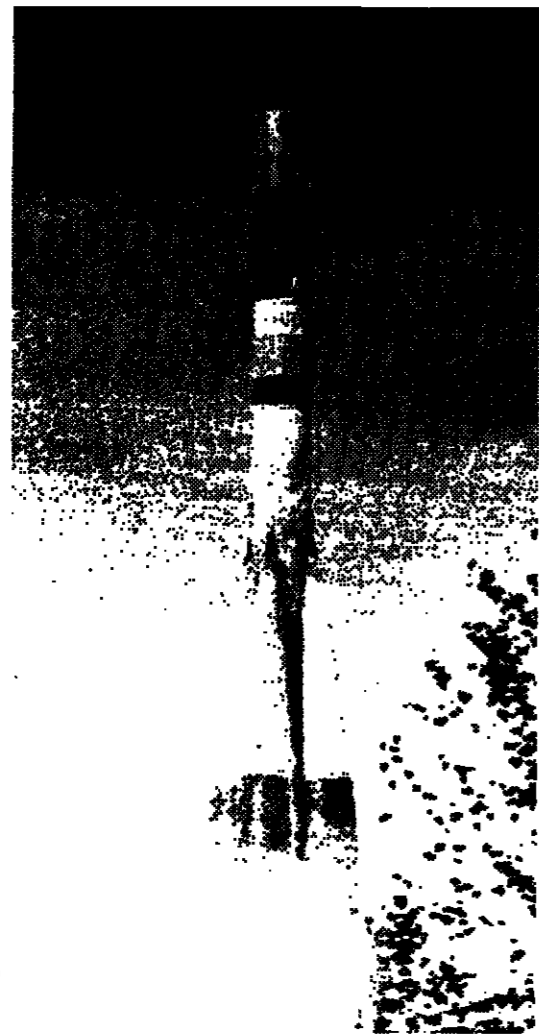
Lord Justice Brooke ruled that employers' obligations to pension funds should be honoured and not "whittled away by unilateral decisions on their part". Pensioners had a reasonable expectation that any dealings with pension fund surpluses would pay fair regard to their interests since the purpose of schemes was to provide for their retirement, he said.

The core issue of the ownership of pension fund surpluses could affect the general provision of final salary schemes, a High Court judge has warned previously.

But the pension scheme members face further legal hurdles before any money is repaid.

The case could be referred to the House of Lords for a final decision, which could clarify the issue. The House, the unelected upper house of parliament, acts as the highest court of appeal.

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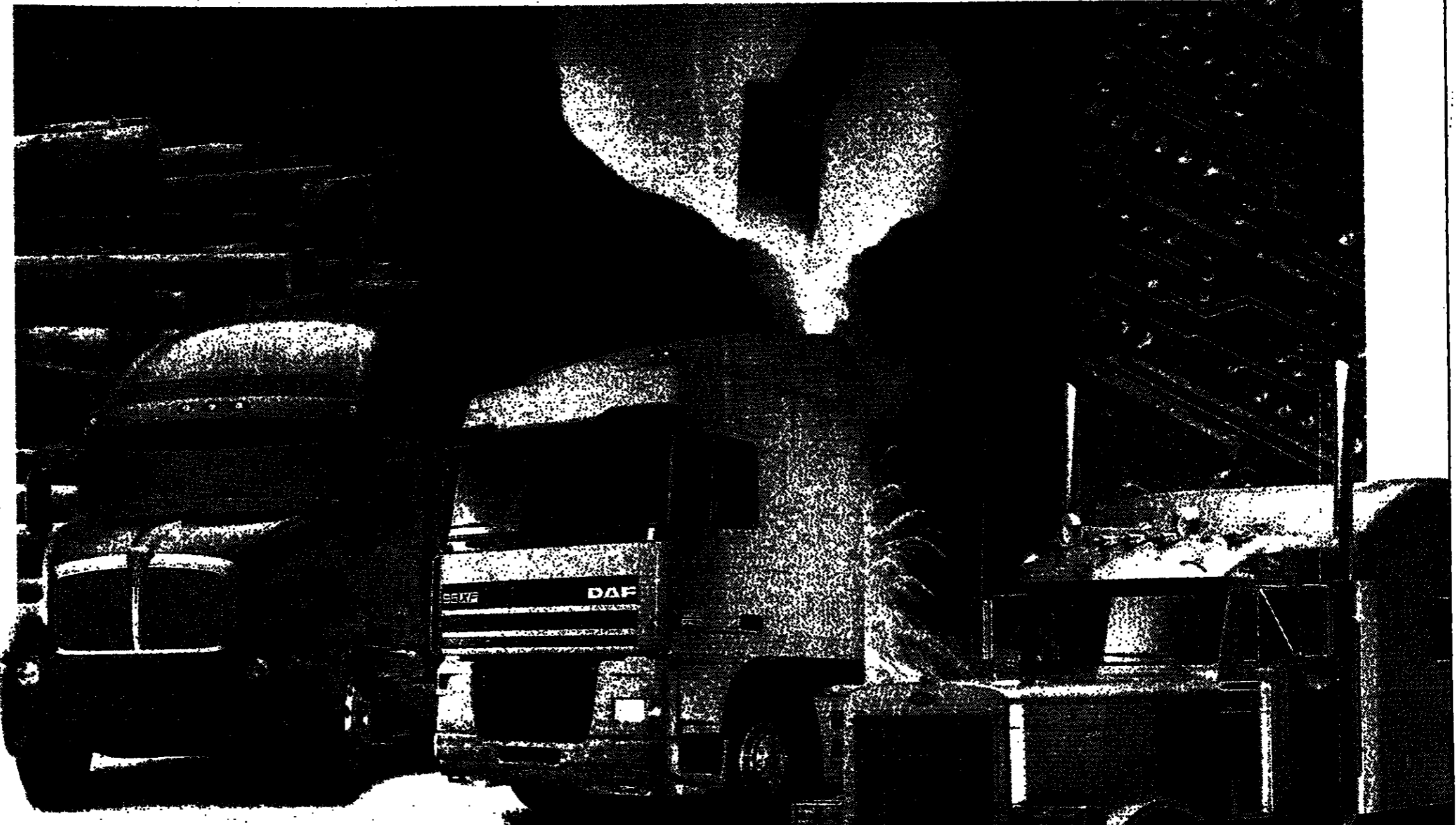
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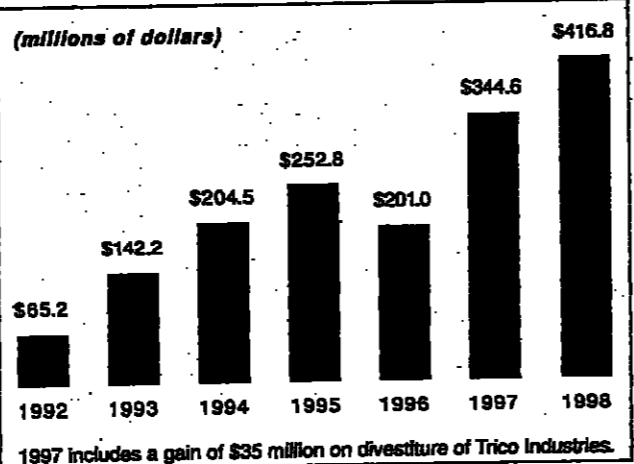
Kenworth, "The World's Best."

DAF 95XF — 1998 International Truck of the Year.

Peterbilt defines Class in transportation.

India in bus diploma with Pakistan

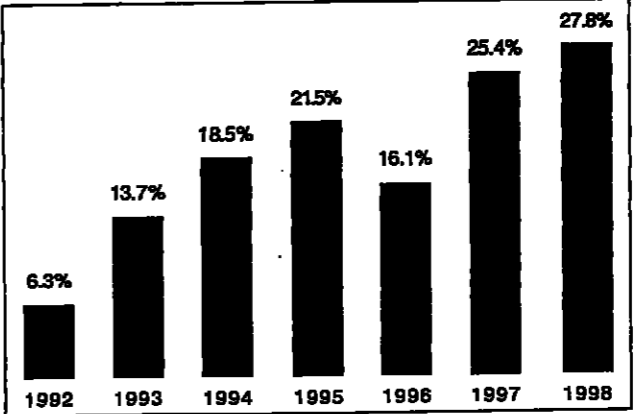
Net Income



1997 includes a gain of \$35 million on divestiture of Trico Industries.
1998: Record profits of \$416.8 million on sales of \$7.6 billion — a nonstop tradition of profitability, 60 years strong.

Since 1905, PACCAR Inc has been a leader in heavy-duty manufacturing. Today, PACCAR consistently sets the highest standards for technical innovation, product quality, customer service and shareholder value in heavy-duty trucking. From the first factory-installed diesel

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PACCAR continues to generate superior value for shareholders. In 1998, return on shareholders' beginning equity was more than 27%.

engines to today's modern, aerodynamic trucks, PACCAR has shaped the industry.



PACCAR is the quality leader in heavy-duty trucking. Its worldwide truck manufacturing plants and PACCAR Financial are all ISO 9001-certified.

Around the world, PACCAR's Kenworth, Peterbilt, DAF, and Foden trucks are the first choice of buyers who demand uncompromising performance. Its worldwide customer base is supported with financing, leasing, technical services and a parts-distribution network that supports dealers 24 hours a day, 7 days a week.

PACCAR's commitment to quality, innovation and customer service has made it one of the largest manufacturers of heavy-duty trucks in the world today.

PACCAR Inc

COMMENT & ANALYSIS

Playing with fire

James Kynge explains the wider and worrying significance of recent deployments by China of missiles aimed at Taiwan

The disclosure this week that China has sharply increased the deployment of missiles aimed at Taiwan...



Blaze from the past: Chinese warships launch missiles during a military exercise in the Taiwan Strait in March 1998 AP

Of separatist sentiment on the island means that Taipei is ever more reluctant to discuss Beijing's cherished goal of reunification.

Because of this, China seems unlikely to succeed in its increasingly impatient efforts to persuade Taiwan to start talks on political issues.



China's impatience for reunification arises also from diplomatic and strategic considerations. Officials in Beijing frequently voice frustration over what they see as the attempts of foreign governments to 'play the Taiwan card'.

The Taiwan Straits and inevitably involving the US, which has signed arms agreements with both sides. According to Patrick Cronin, at the US Institute of Peace in Washington...

LETTERS TO THE EDITOR

Not too late to recapture Good Friday's hopes

From Sir George Quigley. Sir, The Group of 7 brings together managers and trade unionists with an interest in Northern Ireland. We have no political axe to grind.

recognises that anyone who comments on the situation has a responsibility to attempt a constructive suggestion. In this instance we believe that, for a way forward to emerge, two things have to happen:

Catholic/Protestant, of a variety of political affiliation - outside the political process. There are no easy options but we have tried to create the context (hitherto lacking) in which paramilitaries might be prepared to break the logjam on decommissioning.

A positive response to the Statement would signal that, at last, there is real momentum within the process that would carry it through, whatever other difficulties lie ahead.

Partnerships cut both ways

From Prof Harvey M. Sapolsky. Sir, European governments cannot have it both ways. According to your correspondents ('Europe and US in peace force wrangle', February 8), these governments refuse to contribute troops to Kosovo without a US commitment to provide ground force to the same cause.

partnership indeed and one that is surely unsustainable with attitudes such as this when the US has so little direct interest in the Balkans. If European governments insist on a partnership in one aspect of security, one that involves their interest in containing nearby chaos, they should not be surprised when the US demands a partnership in another: the maintenance of defence industry jobs, one now becoming more salient to it.

Nationality is not a commodity but a set of rights and duties

From Mr Niels Basink. Sir, In 'One in the eye for Schröder' (February 9), commenting on the opposition to dual nationality in Germany, your leader writes: 'That is a disturbing sign of Germany's unwillingness to face up to the reality of being a multicultural society.'

receiving a tradeable commodity. It is a set of civil rights and duties. Germans are not resistant to integration; they just see German nationality as something special, not to be given away too easily.

CONTRACTS & TENDERS. REPUBLIC OF SERBIA. Agency for Investment in the Activities of Interest for the Republic Belgrade, Nemanjina 22-26. phone/fax: +381 11 3614653, 6431316. announces THE INTERNATIONAL TENDER for granting A CONCESSION FOR THE CONSTRUCTION, OPERATION AND MAINTENANCE OF THE E-75 HIGHWAY SECTION FROM NIŠ TO THE BORDER WITH THE REPUBLIC OF MACEDONIA.

Dissent cordiale. John Lloyd found the British and French elites enjoyably splitting along predictable lines at an annual gathering dominated by the euro. Channel. One of the most distinguished British politicians present spoke passionately about the need for Europe's institutions and fledgling governance to be made comprehensible and open to its electorates. And he claimed that the distance between these was increasing in almost all states, not just in the UK.

FINANCIAL TIMES February 11 1999. China test US patience. Internet life. UK inflation.

FRUEHAUF Carrying the nation's goods

FINANCIAL TIMES

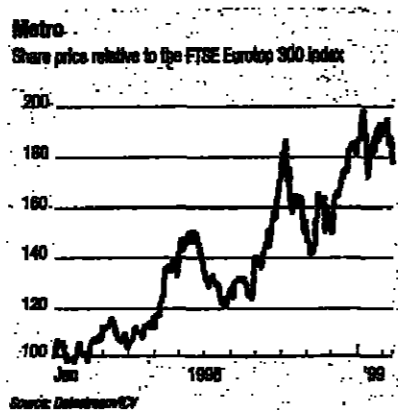
THURSDAY FEBRUARY 11 1999

High Point Rendel www.hprenzel.com

THE LEX COLUMN

Deutsche builds Trust

Deutsche Bank is buying Bankers Trust to guide it through the Wall Street jungle.



Metro: Share price relative to the FTSE Eurozone 300 Index

Add in the strong desire among US regulators for Bankers Trust to find a satisfactory buyer and Deutsche's chances of being allowed to complete its purchase are improving.

German retailing

No wonder Wal-Mart has chosen Germany as the jumping-off point for its European invasion.

BSkyB/Canal Plus

Is the idea of a pan-European pay-television company any more than just the rumour du jour?

BSkyB showed outstanding digital sales - 350,000 in four months with 94 per cent genuine new, not just migrating analog customers.

But regulators, who have opposed national pay-TV monopolies, will doubtless shudder at the prospect of such a dominant European broadcaster and look closely for any sign of an anti-competitive continental carve-up.

LucasVarity/Federal-Mogul

So Victor Rice has got his wish. Despite last year's little local difficulty with UK shareholders, he will again go west to head the auto-components side of a US business.

Taiwan plans to bolster defences against China

Albright to discuss missile build-up in region at Beijing meeting

By Mure Dickie in Taipei and Stephen Fidler in Washington

Taiwan yesterday said its anti-missile defences needed strengthening in response to China's missile build-up across the narrow strait that divides the two countries.

be discussed by Madeleine Albright, US secretary of state, during a two-day visit she will make to Beijing early next month.

But he said the issue would normally be part of any discussion with China and he declined to comment on the contents of the Pentagon report.

68 M-11s, which have just half the range but which can carry a heavier warhead.

Pentagon officials are understood to have conveyed the information in the report to the Taiwanese authorities.

China, which considers Taiwan a rebel province, fired M-9 missiles into the sea near the island in 1996 and 1998 as part of military exercises intended to quash dreams of formal independence among the island's 22 million people.

Taiwan Defence Ministry officials declined to comment on Beijing's deployment plans but said they maintained a close watch.

"The Chinese communists' missile test exercises made even clearer our pressing need to set up an anti-missile warfare capability," the ministry said. Finding ways to strengthen Taiwan's anti-ballistic missile capability was now an important military policy, it said.

Alarm bells over China's nuclear plans, Page 5; Playing with fire, Page 32; Editorial Comment, Page 12

Kawasaki is latest Japan steel group to issue profits warning

By Alexandra Hawry in Tokyo

Kawasaki Steel yesterday became the third Japanese steel manufacturer in a week to issue a profits warning when it said losses would balloon to ¥1,000bn (\$877m) on turnover of ¥1,100bn in the year to this March.

the Japanese government, possibly in the form of loans to support the weakest companies in the industry.

NKK, the number two steel company which this week warned that its losses would be larger than the ¥100bn already forecast, is believed to be preparing a request for additional funding from the Japan Development Bank, a government-backed institution.

as it depends on exports for 87 per cent of sales.

This compares with 22 per cent for Kobe Steel and 32 per cent for Sumitomo Metal Industries.

There are several forces driving the profits warnings. Japan's steel demand plunged to its lowest levels in nearly 30 years in the first half of 1998 as the recession there and elsewhere in Asia forced carmakers and construction companies to reduce their orders.

The plot thickened in the second half of last year, with steelmakers squeezed between a strengthening yen and the threat of anti-dumping charges after September.

"Once our buyers in the US heard about the charges they stopped ordering," said a manager at a Japanese steel company.

CONTENTS

Table with sections: News, Features, Companies & Finance, Markets, FT.com, Directory of online services via FT Electronic Publishing

FT WEATHER GUIDE

Europe today: Much of Scandinavia will be dry with sunny spells but western coasts of Norway will have snow showers. Eastern and central Europe will have snow showers and sunny spells.

Table with columns: Location, Weather, Temperature, Wind, etc. for various global cities.

HENRY BUTCHER

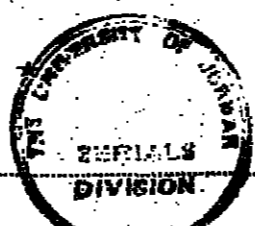
Various small news snippets and advertisements on the right edge of the page.

News snippets: Braw soars despite dirty concerns, Who may reveal Scotland deal details, Indian oil port returns dominance.

COMPANIES IN THE ISSUE: Table listing company names and their respective pages.

CROSSWORD, Page 26: A crossword puzzle grid.

MARKET STATISTICS: Table showing market performance metrics for various sectors.



COMPANIES & MARKETS

THURSDAY FEBRUARY 11 1999

Week 6

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to bolster East China

Japan steel profits warning

Large vertical advertisement on the left edge of the page.

INSIDE

Estonia Telecom sale raises \$221m

PFE arm to be merged into Universal

NZ exporters fight to overturn ruling

Sale to set scene for bank shake-up

Warsaw soars despite zloty concerns

Volvo may reveal Scania deal details

Latvian oil port retains dominance

Companies drag their heels on euro

News Corp in talks with Canal Plus

Groups explore ways of pooling pay television interests

Rupert Murdoch's News Corporation and Canal Plus, the French pay television company, are exploring pooling their European pay television interests to create a dominant player in the sector.

European subsidiary to expand its pay television interests is thought to have persuaded him of the merits of a combination with Canal Plus.

Fed-Mogul withdraws from race with TRW for Lucas

Federal-Mogul, the US braking systems manufacturer, yesterday pulled out of the race to acquire LucasVarity, the UK car components maker, leaving the way clear to an agreed \$4bn (\$650m) cash bid by TRW of the US.



Seeking to expand in emerging markets, Graham MacKay, group chief executive of South African Breweries

SAB plans to raise up to \$328m from London listing

The shares are expected to enter the FTSE 100 index, joining Billiton, the South African mining group.

con). Bevocon has been trying to sell its stake in South African Breweries, but has failed to find a buyer and has now taken it off the market.

COMPANIES IN THIS ISSUE

Table listing various companies and their market values, including Amazon.com, Anglo American, BMW, BNP, BSH, etc.

Metro shares fall 7% after stagnant Christmas sales

German retailer faces tough challenge from Wal-Mart

for its aggressive discounting strategy, is already making an impact in Germany, having bought 74 hypermarkets from the Spar Handels group last December to add to the 21-store Wertkauf chain it acquired in 1997.

stretch from the UK to Poland, helped lift Metro's total cash-and-carry sales last year from DM10.18bn (\$5.2bn, \$5.8bn) to DM37.75bn. This, in turn, meant Metro was able to report a 61.3 per cent rise in group sales on an unadjusted basis to DM91.7bn. Group income from ordinary activities rose last year by 20.4 per cent to DM1.12bn.

CROSSWORD, Page 26

MARKET STATISTICS

Table of market statistics including Annual reports date, Benchmark Govt bonds, Bond futures and options, etc.

ABRUPT DEPARTURE CONTINUES GROUP SHAKE-UP

SB's head of research leaves

SmithKline Beecham's head of research and development abruptly left the company yesterday, continuing a week of shake-up at the Anglo-American drug group.

Dr David U'Prichard will be replaced by Tadataka Yamada, 68, the Japanese head of the healthcare services division that SB sold for \$2bn this week.

His departure comes a day after Jan Leschly, chief executive, gave an upbeat presentation of the drug pipeline, which he said would deliver earnings growth of 15 per cent plus over the next three years.

The surprise departure also follows this week's announcement of a radical restructuring of the company's manufacturing network. The overhaul, which will cost £760m to implement, will result in the loss of 3,000 jobs.

In a brusque statement, the company would say only that Dr U'Prichard, who has been at SB less than 18 months, had resigned to pursue other interests.

Dr Yamada, who oversaw SB's ill-fated foray into the US pharmacy benefit business, joined the SB board as a non-executive director in 1994.

Praised by the company for his strong management skills, it is understood he has been given the task of pulling together the diverse threads of SB's research network more effectively. The company has important research facilities in Philadelphia and Harlow, Essex.

His appointment is likely to strengthen further the hand of George Poste, the former head of research who is now chief scientific and technology officer.

There was speculation that Dr U'Prichard might have quarrelled with Dr Poste over the latter's strong commitment to using genetic data as a source for novel drug targets.

Even though SB spending on R&D is equivalent to 18 per cent of sales, its annual budget of \$1.5bn is considerably below that of big US companies such as Pfizer. Analysts said Dr U'Prichard might have felt that ambitious earnings targets would squeeze R&D funding.

Dr Yamada will be in charge of steering a host of products through clinical trials to replace important drugs going off patent over the next few years. New products include a broad spectrum antibiotic, an osteoporosis drug that will compete with Eli Lilly's Evista and a cancer drug that SB bought from a Coulter Pharmaceutical, a US biotechnology company.

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Financial advertisements for Cantrell & Cochrane Group, logica, ELEKTROCIĘPŁOWNIA NÓWA SARZYŃA, Airtours, Musgrave GROUP, and SOLECTRON.

دولتي كورس

NEWS DIGEST

Nonwealth plans
share buy-back

Nonwealth plans to buy back shares... The company has announced a share buy-back program...

Issue aims for Bt20bn

Issue aims for Bt20bn... The company is targeting a Bt20bn issue...

INDUSTRY

Should takes over Sanko

Should takes over Sanko... The company has acquired Sanko...

CARDS

Call for Citibank probe

Call for Citibank probe... There is a call for a probe into Citibank...

phosphate project

phosphate project... Details of a phosphate project...

in bank upheaval

in bank upheaval... News of a bank upheaval...



One trading index
puts Europe right where
you need it.



If you're trading Europe, you don't just need a good index. You need one that's representative, liquid, accurate, independently monitored and totally transparent into the bargain. The FTSE Eurotop 100 comprises the hundred most liquid stocks in Europe. That and its 'fixed basket' construction make it ideal for derivative trading.

It has a lower tracking error than any other comparable index. It's governed by an independent Index Committee. And its ground rules are plain for all to see.

In short, it's built for trading Europe. And, like every FTSE index, it's exceptionally hard to beat.

FTSE Eurotop 100 is a derivative of the FTSE Eurotop 100 Index. FTSE Eurotop 100 is a derivative of the FTSE Eurotop 100 Index. FTSE Eurotop 100 is a derivative of the FTSE Eurotop 100 Index. FTSE Eurotop 100 is a derivative of the FTSE Eurotop 100 Index.



COMPANIES & FINANCE: EUROPE

PULP AND PAPER NEWLY FORMED NORDIC GROUP PLANS FURTHER DISPOSAL OF NON-CORE ASSETS

StoraEnso result tumbles on merger costs

By Nicholas George in Stockholm

StoraEnso, one of the world's largest pulp and paper groups, yesterday reported a sharp fall in pre-tax profits after taking restructuring charges of €455m (\$614m) in the fourth quarter to cover merger-related costs.

land's Enso, also announced plans to dispose of more non-core assets and said the merger was going "according to plan".

It has also appointed advisers to examine the future ownership of the Gruvön packaging paper and pulp mill complex in Sweden.

The mill employs 1,300 people and has a yearly output of around 600,000 tonnes. In the 12 months to December 31, pre-tax profits fell from €636m to €339m. Adjusted to exclude restructuring costs, pre-tax profits rose to €822m. Sales rose

from €106m to €105m. The company said demand for almost all its products had been good until the fourth quarter, when profits were adversely affected by production halts in the packaging board and pulp divisions due to slowing demand.

"It means taking the short-term pain for a longer-term gain," he said. The disposal of non-core assets was evidence the company was already acting on its new strategy and this was "clearly positive".

Togetherhness is watchword for Europe's truckmakers

Volvo's purchase of a 13% stake in Scania has fed expectations of broader consolidation ahead, writes Haig Simonian

The modest people who manage Europe's truck industry have gained a taste of the racier world of cars in the past few months, as takeover talk has gathered pace.

reinforced because they are not an obvious fit. The two overlap in products and geography, the notable exceptions being that Volvo manufactures in the US, and Scania does not make medium-weight vehicles.

new brand, Sterling, belong to DaimlerChrysler, the Pigotts, who control Kenworth and Peterbilt through Paccar, still look more like buyers than sellers.

Volvo - not just cars. That deal has now been executed by Volvo's preference for Ford, although Fiat is still believed to harbour designs on the rump Volvo.



"If Volvo wins Scania, it will create a Europe of two major companies - Mercedes with 23 per cent share and Volvo-Scania with 31 per cent, and four smaller companies each with 10-12 per cent.

The fact both Swedish groups could be considering other options has reinforced expectations of change in trucks. Even before Volvo's move, predators were stalking the sector.

By contrast, Mack Trucks, which is about Volvo's size in the US, would be ideal. Mack belongs to Renault, and many analysts have questioned the French group's long-term commitment to trucks, whether in Europe or the US.

Renault, however, insists it is sticking. The joker in the pack is MAN Nutzfahrzeuge, the German truckmaker that is part of the MAN group.

MAN would give either Fiat or Renault a much bigger presence in Germany, Europe's largest truck market.

Shares in Scania have soared this year on Volvo's move. But the speculative froth has also boosted other truckmakers on expectations of broader changes ahead.

Expectations of consolidation have been strengthened by fears a downturn may not be far off. In the past two years, heavy truck sales in the US and Europe have been above forecasts because of low interest rates and good economic growth.

Even if a sale were on the cards, VW would be the obvious buyer. The two companies worked closely in the past building lightweight trucks, before going their separate ways.

The trouble is, MAN's parent company says it is not for sale. Even if it were, analysts say any deal would need the tacit approval of DaimlerChrysler.

The trouble is, MAN's parent company says it is not for sale. Even if it were, analysts say any deal would need the tacit approval of DaimlerChrysler.

Volvo's plan to buy Scania may succeed, but it is by no means certain. Investor, Scania's parent company, has talked to at least two other suitors.

Volvo's parent company, has talked to at least two other suitors. That means Volvo may have to fight, even with the \$6.45bn it will receive after last month's decision to sell its car activities to Ford.

Scania, meanwhile, might be better served linking with a complementary south European truckmaker than with Volvo, say analysts.

It is hard, even in a truck industry growing progressively more international, to imagine the redoubtable Mr Pisch letting a prize like MAN slip through his fingers if the chance ever arose.

LVMH in talks on taking stake in Armani

By Alice Rawsthorn

LVMH, the French luxury goods group which recently amassed a 34.4 per cent shareholding in Gucci, is in talks on a possible investment in Giorgio Armani, another of Italy's best-known fashion houses.

larger group as an investor. Speculation has been rife about an alliance with LVMH since Bernard Arnault, the French group's chairman, made a surprise appearance at the Armani men's wear show in Milan last month.

Arnault at Armani's fashion show, he said. "I confirm LVMH's interest in our group." It is understood that the two companies have been in talks for some time.

He added that Armani, which achieved turnover of L1,550bn (€900m, \$904m) last year with L680bn of liquidity, had yet to rule out the possibility of going public.

Mr Arnault signalled his intention of expanding his interests last month, when he became an aggressive buyer of Gucci shares.

Armani has been restructuring its finances for more than a year with a view to going public or bringing in a

general manager, affirmed yesterday that there had been discussions with LVMH. "Everyone saw Mr

Mr Brusone stressed yesterday that Armani had also received "many offers from Italian and foreign groups".

wide distribution network, including its DFS duty-free shops.

For LVMH, the alliance would offer an opportunity to exert control over one of the world's best known and consistently successful fashion brands.

Estonia completes IPO

By Marije Wpotaik in Tallinn

Estonia yesterday completed the sale of a 24 per cent stake in Estonia Telecom, the national telecommunications operator, raising €K2.06bn (\$221m) in the biggest international equity offering from the Baltic countries so far.

International investors were given 30.9m of the 36m shares on offer. Matthew Westerman, head of equity capital markets at ABN Amro Rothschild, joint global co-ordinator with Nomura International, said the issue was 15 times subscribed, with most demand from UK and US buyers.

of Sweden and Sonera of Finland, its two strategic partners, own a combined 49 per cent stake. The state retains just over 27 per cent. The global co-ordinators earned fees of 2.25 per cent of the value of the deal while Union Bank of Estonia, which led the domestic consortium, will receive a fee of 0.5 per cent.

Advertisement for NEDCOR LIMITED. It features the text 'NEDCOR LIMITED', 'SUCCESSOR SPONSORED AMERICAN DEPOSITARY RECEIPT (ADR) FACILITY', and 'THE BANK OF NEW YORK'. It also includes the website 'www.bankofny.com/adr' and a note 'This announcement appears as a matter of record only.'

Investor set to change portfolio strategy

By Tim Bart in Stockholm

Investor, the main investment vehicle for Sweden's Wallenberg business empire, is today expected to announce a strategic shift in its portfolio towards more international and liquid stocks as part of a broad restructuring.

group to criticism that it is too exposed to mature or thin-margin manufacturers such as SKF, the world's largest bearings manufacturer, or sectors facing intense international competition.

He will face intense questioning on Investor's plans for Scania, the heavy truck manufacturer in which automotive rival Volvo recently acquired a near-13 per cent stake.

NEWS DIGEST

POLAND

Elektrim shares rise as outsider is appointed chief

Barbara Lundberg, the new chief executive of Elektrim, Poland's largest listed industrial conglomerate, yesterday promised to make the company "transparent to investors" as its shares rose 10 per cent on news of her landmark appointment.

BUSINESS SERVICES

Buhrmann upbeat on earnings

Buhrmann, the Dutch business services and distribution group known formerly as KNP BT, said yesterday it is aiming for 10 per cent annual growth in earnings per share for the next three years.

ENERGY

Gas Natural ahead 15%

Gas Natural, the gas company affiliated to Spain's Repsol oil group, offset a sharp dip in supplies to electricity generators last year to raise consolidated net profits by 15 per cent to Pta58.37bn (€351m, \$396m).

FLOOR COVERINGS

Downturn at Tarkett Sommer

Tarkett Sommer, the German floor coverings group, reported lower 1998 sales and profits due to the Russian financial crisis, and warned of a continued negative trend in the first half of 1999.

GREECE

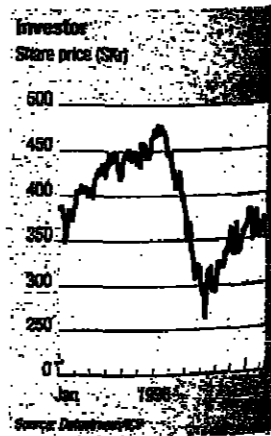
Setback for Ionian Bank

The indicative offers received for a 51 per cent stake in Greece's Ionian Bank may be no higher than the single bid received last summer in an auction that was later cancelled.

MOTORING

Porsche sees sales surge

Porsche, the German sports car group, believes it can expand sales beyond forecast levels without damaging its brand, Wendelin Wiedeking, chief executive, said yesterday.



Handwritten signature or scribble at the bottom of the page.

DLJ

Doing the best possible work for our clients can be very rewarding.



M&A Deal of the Year

"The union [AT&T and TCI] underscores the strategic vision, financial innovation and complexity required by mergers that effect industry transformation." Investment Dealer's Digest, December 14, 1998

Energy Deal of the Year

"...the market...gave a warm welcome to [Niagara Mohawk's \$3.4 billion] eight-part debt offering, which was the largest non-investment grade deal priced in almost a decade." Investment Dealer's Digest, December 14, 1998

U.S. Media and Telecoms Loan of the Year

"With its unique loan-to-value covenant package...and bond-style execution, the U.S.\$750m debt facility for Omnipoint Communications broke new ground...and carried the loan product to a new investor audience." International Financing Review of the Year, 1998

U.S. Leveraged Loan House of the Year

"[DLJ] had the courage and the intellectual capital to structure and sell senior debt facilities that arguably no other bank could." International Financing Review of the Year, 1998

U.S. High-Yield Bond House of the Year

"DLJ has been the leader in the high-yield market since the late 1980s and boasts more than 1,000 investment bankers across the world....During the summer, DLJ had a market share of 20.2% — representing U.S.\$6.15bn of business underwritten." International Financing Review of the Year, 1998

U.S. Leveraged Loan of the Year

"The U.S.\$7bn credit facility, which backed the acquisition of Arco Chemical by Lyondell Petrochemical, achieved a number of milestones. It was the second-largest leveraged loan offering in history and the largest leveraged loan offering of the 1990s." International Financing Review of the Year, 1998

Deals of the Year: High-Yield Bonds

"The deal [for NTL] was sized well and attracted a lot of attention from investors...the sterling tranches were two times oversubscribed and the U.S. tranche five times oversubscribed....[The sterling note is] the largest non-dollar high-yield deferred coupon tranche of its kind." Corporate Finance, December 1998

Best European High-Yield Issues

"...the most impressive deals were those clinched [by Hermes Europe Railtel and NTL] in the midst of the crisis that followed meltdown in Russia. These helped to reopen the secondary market, kick-start new issuance and generally restore investor confidence in credit." EuroMoney, February 1999

Best Corporate Bond Issue

"...overwhelming demand for the initial \$100 million [Hermes Europe Railtel]...U.S. dollar tranche was...evidence of how important U.S. investors are in this market and DLJ was able to double the size of that part of the deal to \$200 million." Euro, February 1999

DLJ DONALDSON, LUKIN & JENRIETTE

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NEW YORK

Shares rise as... is appointed chief

...the company... the board... the CEO...

FINANCIAL SERVICES

...upbeat on earnings... the company...

ENERGY

...Natural ahead 15%

...the company... the market...

TELECOMMUNICATIONS

...at Tarkett Sommer

...the company... the deal...

FINANCIAL SERVICES

...for Ionian Bank

...the company... the deal...

ENERGY

...sales surge

...the company... the market...

TELECOMMUNICATIONS

...portfolio strategy

COMPANIES & FINANCE: THE AMERICAS

WALL STREET FEARS THAT SOME DEALS COMING TO MARKET ARE OF POOR QUALITY

Internet IPO performances shake stocks

By John Labata and Tracy Corrigan in New York

Initial public offerings for internet stocks, one of Wall Street's hottest sectors, have taken a sudden turn towards uncertainty after the poor performance of several deals floated last week and amid concerns that some of the deals being prepared for the market are of poor quality.

Two deals, Pacific Internet, the Singapore-based internet service provider, and MediaPoppe Tyson, a web-based marketing firm, have plunged in value since making strong debuts last Friday.

"I think people got a bit spooked by Pacific Internet," said Randall Roth, analyst at Renaissance Capital's IPO fund. "The stock opened at \$88 last week and [Tuesday] it was at \$52. I think a lot of people probably lost their shirts."

Company, prompting concerns among investors that the buyer is paying too small a premium. Furthermore, some of the internet sector's leading names, including Amazon.com and Yahoo!, have fallen considerably from recent highs.

Advisors, an internet research firm. In particular he warned of companies that are going public with "no real assets, no real revenues and no real customers" and said that investors should begin to question some of the business plans put forward.

Terms of Lycos deal disappoint investors

By Louise Kehoe in San Francisco and William Lewis in New York

Shares of Lycos, the internet portal company, continued to plunge yesterday as investors responded to the deal, announced on Tuesday, to merge the company with USA Networks, the television and online media group run by Barry Diller.

investors details of projected earnings growth targets in an attempt to stem the stock price drop. "There is no doubt that the market has misread this one, but we have to deal with that and are keen to bring out to investors how beneficial this deal is going to be for them," one person close to the deal said.

stake, said it supported the deal. Other investors were disappointed by the lack of a clear-cut premium. Even on Lycos's own website, shareholders were complaining yesterday.

FILM INDUSTRY PRODUCTION MERGER WITH UNIVERSAL CONFIRMED

New role for PFE

By Alice Renshorn in London

Seagram, the Canadian entertainment group, yesterday confirmed it was to merge the non-US distribution and production interests of PolyGram Filmed Entertainment (PFE) into Universal Pictures, its Hollywood movie studio.



Crowning glory: the movie Elizabeth is from the PFE stable

Ford may woo Reitzle

By Mikko Tait in Chicago

Jacques Nasser, chief executive of Ford, yesterday declined to rule out the possibility that Wolfgang Reitzle, former head of marketing and product development at BMW, the German luxury carmaker, might join the US company.

Mr Reitzle was effectively the number two executive at the German group, and credited with masterminding some of its most successful models. Mr Nasser yesterday described Mr Reitzle as a good friend and "tremendous executive", but said he believed there were issues that Mr Reitzle still needed to work out with BMW, including compensation. It is believed that Mr Reitzle's contract may include a "non-compete" clause.

they [BMW] are going through a very difficult process... [but] I think they've made clear they want to stay independent - and I believe them." Before its \$6.5bn acquisition of Volvo's car division last month, Ford had been frequently mentioned as one of the potential parties interested in BMW.

sal's ownership, and expects to increase its staff from 500 to more than 600. A Latin American film distribution operation may open next year, and there is a long-term possibility of the old PFE network distributing all of Universal's pictures outside North America if the European Commission carries out its threat to disband United International Pictures, its existing distribution venture.

The Usual Suspects, Training Day and Lock, Stock & Two Smoking Barrels. Universal is still in negotiations with Tim Bevan and Eric Fellner, co-chairmen of Working Title and co-producers of Notting Hill, the hotly anticipated Four Weddings and a Funeral, Bean and Elizabeth, which is nominated as Best Picture in next month's Academy Awards.

Mr Reitzle, together with Bernd Pischetsrieder, BMW chairman, were ousted from the German company last week after a boardroom dispute triggered partly by problems at Rover, the UK-based carmaker bought by BMW in 1994.

KOREA GROWTH TRUST International Depository Receipts (IDR) Beneficial Certificates representing 1,000 units

Brazil regulator probes purchase by J.C. Penney

Brazil's securities regulator announced yesterday it was opening investigations into the controversial sale last December of a local department store chain to J.C. Penney of the US.

holders. He said Lojas Renner might also have violated its own rules on repurchasing company stock. The regulator is further investigating a complex transaction in 1997, in which Brazilian minority investors in a locally listed subsidiary of Italy's Cragnotti complained they were forced to indirectly finance the Italian parent company on unfavorable terms.

EntreMed shares plunge

By Victoria Griffith in Boston

Shares in EntreMed, the US biotechnology company, plunged more than 45 per cent in early New York trading yesterday after Bristol-Myers Squibb said it was ending research support for EntreMed's cancer therapy.

tried to downplay the drug's potential, pointing out that it had yet to be tested in humans. Investor enthusiasm began to wane, and the shares stabilised in the mid \$30s. Later, analysts began to doubt that the protein could be manufactured in sufficient quantities for commercialisation, and on Tuesday - just ahead of Bristol-Myers' announcement - EntreMed closed at \$24.4. Yesterday morning they tumbled \$11.4 to \$13.

dent of commercial development. "It requires a lot of expertise to reproduce." However, according to Bristol-Myers, production of the protein was just part of the problem. "Our biggest concern was the poor performance of the batches we did have," said Rob Kramer, vice-president for oncology drug discovery. "It's not fair to say it was our inexperience; when we assessed the angiotensin [EntreMed] had produced, we also felt this drug was not ready for clinical trials."

P&U turnaround under way

By Tracy Corrigan in New York

Pharmacia & Upjohn, the US-based pharmaceuticals company, yesterday offered further evidence that its promised turnaround is under way, reporting a 29 per cent increase in net earnings for the fourth quarter to \$255m before extraordinary items.

operations in New Jersey had cut costs and improved efficiency. Prescription pharmaceutical sales growth of 14 per cent worldwide was driven by a 21 per cent increase in the US. Prescription sales in Japan increased 30 per cent, partly because of the retrieval of Genotropin, a growth hormone which is the company's leading product, from a licensee. Genotropin sales reached \$120m in the fourth quarter, a 78 per cent increase.

Analyst said that the launch of Detrol in the US in April had been more successful than expected. Xalatan, P&U's glaucoma treatment, recorded sales of \$104m, up 88 per cent over the previous year. Mariola Haggard, pharmaceuticals analyst at Deutsche Bank Securities, said P&U's pipeline of forthcoming drugs was "much better than it used to be but not as full as most investors would like. In order to have complete confidence that strong double-digit earnings growth is sustainable in the long run."

Table with columns for stock prices, changes, and company names. Includes entries for PFE, EntreMed, and other companies. Includes a section for 'field switches to second US suitor'.

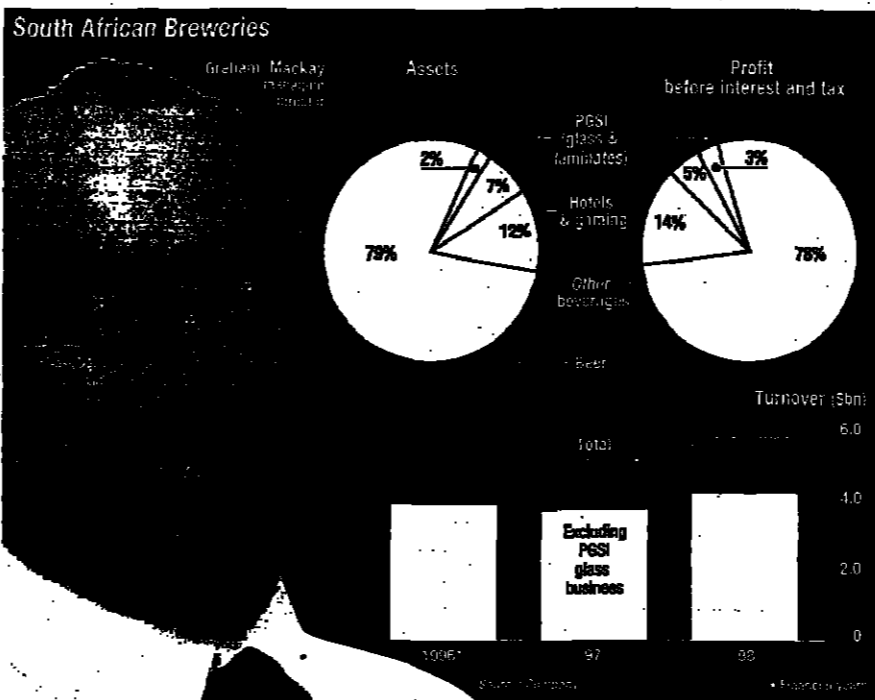
LEGAL NOTICE and Indian Infrastructure advertisement. Includes contact information for Indian Infrastructure and a legal notice regarding a company.

Handwritten Arabic text: كورنيل من الجاهل

Crossing the world from the township shebeens to the FTSE

South African Breweries is going courting in the City of London; John Willman investigates its strategy for expansion

It is more than 5,000 miles from the shebeens of South Africa's black townships to the panelled boardrooms of the City of London. South African Breweries, the world's fourth largest brewer, is about to make that journey - relocating from a country where it commands more than 98 per cent of the beer market to one where it sells only a few thousand cases of its flagship Castle Lager.



One of the main purposes of a London listing is to fund further acquisitions in emerging markets, particularly in Poland where SAB holds only a minority stake in its operation. But the group also wants the freedom to be an active participant in the consolidation of the global brewing industry.

Psion shares fall on Dacom sales warning

By Paul Taylor

Shares in Psion fell nearly 12 per cent yesterday after the UK-based handheld computer and mobile data communications group issued a profits warning because of a threat to one of its main markets. The shares closed 112 1/2p lower at 835p after Psion said Dacom, its data communications division, was likely to be adversely affected by moves to build modern communications devices into portable PCs.

plans. As a result, the first mobile PCs featuring fast modems built on to their main "motherboards" are expected to begin appearing within the next few months. Psion Dacom has been pursuing a longer-term strategy of broadening its product range towards higher-margin, multi-function PC cards providing capable of handling fast Ethernet, local area network, Ethernet and GSM wireless communications.

However, the relative stability of modern technology coupled with the growing interest in mobile data communications - particularly internet e-mail while on the move - has encouraged them to bring forward their Field Group, the packing company, yesterday recommended a second bid by a US suitor, as Shorewood Packaging launched an offer of 35p a share - 8p above the price agreed with Chesapeake.

Chesapeake, which announced its \$185m (\$185m) bid three weeks ago, responded by saying it was considering its options. The New York-based Shorewood's offer is worth \$215m, and it would also assume Field's debt of about \$200m. Shares in Field, which stood at 226 1/2p before it disclosed it was in takeover talks in mid-January, rose 12 1/2p to 350p, down from a high of 425p two years ago.

BSkyB lifted by digital uptake

By John Gapper

Shares in British Sky Broadcasting, the media group, jumped over 14 per cent in London yesterday as it confirmed it had attracted 120,000 new pay television subscribers to its Sky Digital service in the four months following its launch.

Sky Digital in the first year of the 140-channel service. Shares rose on optimism that it was winning the battle for subscribers with rival On Digital, and on its plans for Open, an interactive home banking and shopping service it will launch soon.

Open, jointly owned with British Telecommunications, HSBC Holdings and Matsushita, announced that it had signed deals with Dixons and Argos, the high-street electrical retailers, to provide services. It is negotiating deals with other retailers and banks.

Table with columns: Results, Turnover (£m), Pre-tax profit (£m), EPS (p), Current dividend (p), Date of payment, Dividends corresponding dividend, Total for year, Total last year. Rows include BSkyB, JSE Software, Mercury, Mowlem, PIC Ltd, Wigan Technology, Jersey Phoenix, Southsea American.

Medeva warns of poor 1999

By Lucy Smy

Medeva, the pharmaceuticals business, has warned that 1999 results will disappoint, because of a sharp fall in sales of a treatment for hyperactivity. Medeva's market share for its best-selling product, methylphenidate, has been cut by generic competition from Schein, the US drug business. Mallinckrodt, a Dutch rival, is also poised to enter the market. Both revenues and profits will be hit.

Field switches to second US suitor

By Virginia Marsh

Field Group, the packing company, yesterday recommended a second bid by a US suitor, as Shorewood Packaging launched an offer of 35p a share - 8p above the price agreed with Chesapeake. Chesapeake, which announced its \$185m (\$185m) bid three weeks ago, responded by saying it was considering its options.

Caisse Centrale du Crédit Immobilier de France - 3CIF

Notice of Redemption to the holders of the Bonds that, (a) in compliance with the provisions of (i) French Law No. 98-546 dated 2nd July 1998 and in particular its Articles 18, 20 and 21, (ii) Decree No. 98-1020 and No. 98-1021 dated 10th November 1998 and (iii) Arrêté dated 10th November 1998 based on Article 24 of the aforementioned Law No. 98-546, (b) in accordance with recommendations of the Conseil des Marchés Financiers and (c) pursuant to a decision of the Board of Directors of Caisse Centrale du Crédit Immobilier de France - 3CIF (the "issuer") dated on 1st October 1998, the issuer will redenominate and convert such Bonds into euro on 13th March 1999.

COMMENT Psion

The last time Psion issued a profits warning, its shares shot up thanks to news of its Symbian joint venture with mobile phone giants Nokia, Motorola and Ericsson. Yesterday there was no such palliative. But hopes for Symbian still limited the damage: the shares fell only 12 per cent even though 1999 profit forecasts were halved to a mere \$3m. So the scene is set for this year to be forgotten as the Dacom business - subject of the warning - goes backwards, handheld computers go sideways and Symbian loses money. For those who care about such prosaic things as a 1999 price/earnings ratio, Psion's is about 110.

UK interest rates

The trend in UK interest rates still looks down - pace yesterday's comments from Mervyn King, the Bank of England's deputy governor, that there is no plan to cut them. There may, indeed, be no plan; but there certainly seems to be a predisposition among some members of the Bank's monetary policy committee. One straw in the wind is the Bank's changed view of the labour market. Whereas it spent much of last year fretting that average earnings growth would accelerate, it now talks about a turning point. With the economy stagnant, that would hardly be surprising.

PIC hit by pig price collapse

Profits at PIC International went through the miller in the six months to the end of December, and the pig-breeding company warned yesterday that trading in the current half-year would also be a hard grind. Pre-tax profits of \$2.1m (\$2.1m) were just 6 per cent of the comparable figure in 1997-98 of \$34.8m, and were wiped out by a tax charge of \$2.3m. The shares lost a further 10 per cent of their value to close at a new low of 62 1/2p, down 7 1/2p. Shares in PIC, created from the break-up of Dalgety last year, reached a peak of 225p last June. Brian Baldock, chairman, said PIC had gone through "a baptism of fire" in its first months as a stand-alone company, reporting losses in all areas except the Americas as pig slaughter prices collapsed to their lowest levels for decades.

Vertical sidebar containing various news snippets and advertisements, including 'Group executives...', 'Telecoms...', 'Injunction dismissed...', 'Plunge...', 'Why...'

Subscription offer for FT European pensions news (epn). Includes details on pricing, terms, and contact information for FT Finance.

Financial advertisements for NIB (Nordic Investment Bank) and MORTGAGE FUNDING CORPORATION NO.6 PLC.

EURO PRICES

EQUITIES

Rate questions leave Europe volatile

EUROPEAN OVERVIEW

By Vincent Boland

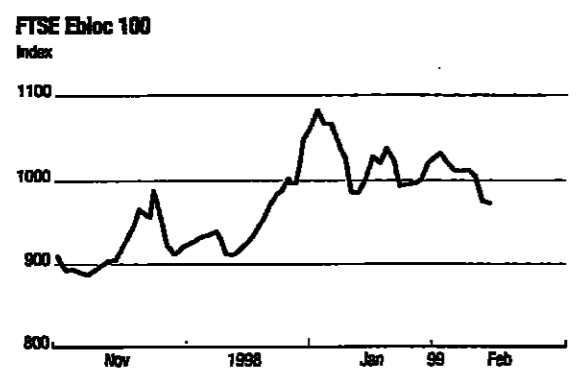
European stock markets ended in very mixed mood yesterday after a volatile trading session, an initial rise on Wall Street failing to inspire any significant gains.

monetary policy and allow the yen to fall. Another factor unsettling markets was concern that the boom in technology stocks in the US might be about to come to an end.

of the US Federal Reserve, speaks to the House of Representatives today and markets will be sensitive to any comment he might make on the internet phenomenon.

Traders said share prices were looking for a smooth landing now profit-taking has wiped out some of the year's early gains. But with German stocks still declining, other markets were content to follow, although Ital-

ian and Spanish markets closed slightly higher due to stock shortages. The FTSE Eurotop 300 index of leading European shares ended 8.16 lower at 1,164.86, while the FTSE Eurotop 100 index fell 20.83 to 2,563.70. The FTSE Eblor 100 index of shares in Europe's early gains. But with German stocks still declining, other markets were content to follow, although Ital-



FTSE Actuaries Share Indices

Table with columns: Index, Euro, Day's % change, 12-month % change, Total return (12m) %.

THREE MONTH EURO FUTURES (LFFE) Ctr 100 rate

Table with columns: Month, Open, Settle, Change, High, Low, Est. vol, Open int.

THREE MONTH EURO LIBOR FUTURES (LFFL) Ctr 100 rate

Table with columns: Month, Open, Settle, Change, High, Low, Est. vol, Open int.

THREE MONTH EURO LIBOR OPTIONS (LFFO) Ctr 100 rate

Table with columns: Strike, Price, Bid, Ask, Call, Put, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

THREE MONTH EURO LIBOR OPTIONS (LFFO) Ctr 100 rate

Table with columns: Strike, Price, Bid, Ask, Call, Put, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

EURO STYLE FTSE EUROTOP 100 INDEX OPTION (MEK) Ctr 100 index point

Table with columns: Strike, Price, Bid, Ask, Call, Put, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

OTHER INDICES

Table with columns: Index, Price, Change, High, Low, 1998 High, 1998 Low, 1998 Close, 1998 Open.

FTSE EUROTOP 300

Large table listing various sectors and companies with their respective prices and changes.

CURRENCIES & MONEY

EURO SPOT FORWARD AGAINST THE EURO

Table showing currency rates for various countries including US Dollar, Japanese Yen, Swiss Franc, etc., with columns for bid, ask, and change.

BONDS

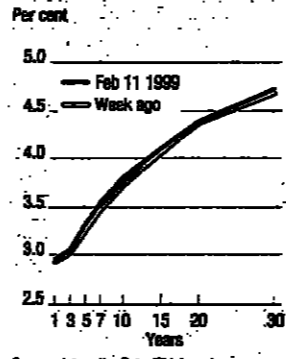
INTEREST RATE SWAPS

Table showing interest rate swap rates for different terms and currencies.

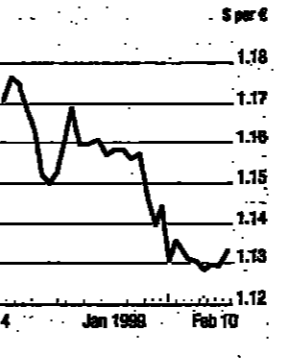
EURO-ZONE BONDS

Table showing Euro-zone bond yields and prices for various countries and maturities.

Euro bond yield curve



Euro against the dollar



No magic in the real world

Forex, Futures & Options advertisement with contact information for Umicor Ltd.

ALL FUTURES, OPTIONS & STOCK OPTIONS advertisement for GNI.

Berkley Futures Limited advertisement for futures and options trading.

UK'S LEADING FUTURES BROKER advertisement for M.

Futures & Options \$5-\$22 advertisement for Lindwaldock & Company.

OFFSHORE COMPANIES BY LAWYERS advertisement for offshore legal services.

mini REUTERS advertisement for financial news services.

FOREX on the net advertisement for online trading.

SHARES - TAX FREE advertisement for tax-efficient share trading.

FOREX WORLD advertisement for international currency exchange.

OFFSHORE COMPANIES advertisement for offshore business structures.

TENFORE advertisement for financial data and forecasts.

Market-Eye advertisement for market analysis and research.

FOREXIA FAX advertisement for daily foreign exchange forecasts.

FOREX - FUTURES - OPTIONS advertisement for comprehensive trading services.

COMMERCIAL DATA INTERNATIONAL advertisement for economic data.

Argus Global Markets advertisement for energy and commodity data.

REAL-TIME DATA ON YOUR PC advertisement for live market data.

Argus Global Markets advertisement for energy and commodity data.

DBC International advertisement for data and information services.

Large vertical advertisement for Elizabeth Robinson, featuring a portrait and contact information.

BUSINESS AND THE EURO

TRADING WITH THE EURO-ZONE

Central Europe grapples with change

Companies are moving closer to doing business in euros, discover Robert Anderson, Robert Wright and Chris Bobinski

The countries of central Europe conduct the lion's share of their trade with the European Union, but for many companies in the region the introduction of the euro has yet to make a significant impact on how they do business with their western neighbours.

Several have redenominated a large part of their foreign exchange reserves into the euro, and the new European currency has become the main reference point for the region's currencies from the Polish zloty to the Czech koruna and the Croatian kuna.

Yet many companies in the region have been slow to react to the introduction of the new currency. Guido Traverso of management consultants Andersen Consulting - brought in late last year to help Komerční Banka prepare for the Euro - says many companies in the Czech Republic are not well prepared. "They are waiting, sitting on the fence," he says.

Budejovický Budvar, the country's biggest beer exporter, says it has opened a euro account but it has not been used yet.

"We continue to be paid in D-Marks and Austrian schillings because our contracts are set up in those currencies," says Petr Jansky, economic manager.

He says the birth of the euro was insufficient reason to change its contracts but

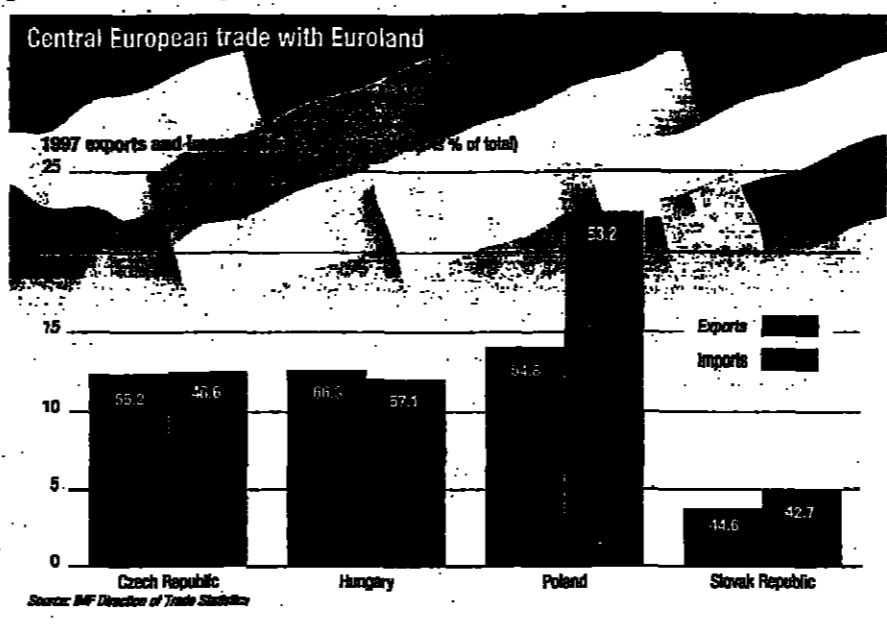
when they are revised they are likely to be put into euros.

"Last autumn we changed most of our contracts but we didn't make use of the opportunity to set them up in euros," says Mr Jansky. "No one knew what might happen and we were not prepared to be guinea pigs." The company expects any impact of the euro to be mainly positive.

For big importers and exporters such as Unipetrol, the largely state-owned petrochemicals company, the euro-US dollar exchange rate will be key.

"The biggest way in which the introduction of the euro is going to influence us is in the way it will differ from the exchange rate between the mark and the dollar," says a spokesman for Unipetrol, which traditionally buys oil in dollars and sells its products in D-Marks. It expects eventually to benefit through a more stable cross-rate between the euro and the dollar.

Unipetrol's subsidiaries have already created euro accounts and it expects transfers to those accounts to start this month. The com-



pany, which has a heavy investment programme, is also likely to issue bonds in euros next year and hopes for a wider market for them than before.

"There will be larger emissions under better conditions," says Richard Brabec of the company's finance department.

Increased competition for

central Europe from euro-zone companies is expected. "It will speed up the restructuring of Czech enterprises," says Michal Tomasek, Komerční's EU adviser and chairman of the Association of Banks' commission on European integration.

But tougher competition within the euro-zone also has its advantages, accord-

ing to Mr Traverso. "Companies could move production to countries where costs are more attractive," he says.

Laszlo Kovacs, chairman and chief executive of BorsodChem, Hungary's second largest domestic chemicals producer, believes his company has been unusually well prepared for the change to the new currency, having

held discussions with all four of its banks on how to handle the changeover. All four banks - ABN Amro, Raiffeisen Unibank, CIB and WestLB - are, like most Hungarian banks, either wholly or majority-owned by foreign companies.

According to Mr Kovacs it has probably helped that in BorsodChem's case, these owners were all euro-zone members. BorsodChem derived 73.5 per cent of its Ft52.2bn (\$242m) sales revenues in the nine months to September 30 from outside Hungary.

Of the exports, roughly 45 per cent went to western Europe. Around 35 per cent of the company's turnover will be received in euros by the end of March.

No significant problems have arisen from the introduction of the euro and any changes made have all been for the better, according to Mr Kovacs.

"Before, when we changed lira to D-Marks we had to pay commission and it took roughly two days to make the conversion. They are doing that on the day now and without any expenses," he adds.

Mr Kovacs welcomes the disappearance of the currency risk previously involved in holding euro-zone currencies which could decline against each other. There was also a reduction in currency translation costs when changing money back into Hungarian forints.

Because of the size of the euro-zone, BorsodChem is changing euros in larger amounts than it had changed the old national currencies.

Mr Kovacs says the likely greater stability of the euro will also be helpful.

Ivan Szerbin, finance director of Mezogep, a Hungarian agricultural equipment and automotive components maker, majority owned by Linamar of Canada, says the company has not experienced any problems with handling the new currency, but he believes it is too early to discount any difficulties.

Mr Szerbin says the attractions of the euro are unlikely to alter Mezogep's plans to expand outside the euro-zone. It has co-operation contracts in the US, Canada and Australia.

The Bank Handlowy, one

of Poland's largest banks, says that since the new year it has seen euro-related activity on 40 per cent of its accounts. The bank automatically translated its customers' Ecu accounts into euro accounts.

Hortex, a Polish food processor and the world's largest exporter of apple concentrate, says the euro has yet to make any impact on the company's activities. Its export season starts in the spring and that is when it will begin to think about the euro, it says.

Zelmer, a household appliances producer in Rzeszow in south-east Poland sold around \$30m (£18.20m) worth of vacuum cleaners to the EU in 1997 is still issuing invoices in the national currencies. Any changes, it says, will have to be sanctioned by new contracts which it will be negotiating at a trade fair in Cologne later in the year. Exports account for 40 per cent of output.

Debica, a tyre producer in south-east Poland, already has euro accounts with its local banks and issues invoices in the euro and in the local EU currency. Its financial systems have been adjusted to accommodate two currencies.

* This is the last Business and the Euro page, but coverage of this issue will continue in the World News section.

TRAVEL INDUSTRY

No magic in the real world

At Euro Disneyland outside Paris, Europe's top short-break destination and France's number one tourist attraction, payments in euros by credit cards and cheques have been accepted at hotels since the start of the year. Euro Disney plans to roll out dual pricing in euros throughout the theme park this year.

The euro is perhaps the natural currency at such a cosmopolitan attraction, but in the real world beyond the magic kingdom the euro appears to be making slow progress in winning the support of European tourists and companies which run up large travel budgets.

This is not due to tardiness by the travel industry, which has been quick off the mark in introducing euro payment facilities.

But the fact that euro notes and coins will not begin circulating until 2002 means that travellers are adjusting only slowly to the new currency.

In corporate travel, American Express says several large companies operating within the euro-zone have asked for euro-denominated cards, but the number is still tiny.

And it has so far only opened a small number of euro travel accounts with large companies.

"We think that number will grow and spread down to medium and small-sized businesses," the company says. Since January 1 American Express has received more than 2,000 transactions submitted in euros, mainly from hotel, retail, airline and leisure merchants, a number that the charge card company describes as "miniscule".

Jim Tobin, American Express spokesman, says that it is seeing only about 300-400 merchants across Europe completing euro transactions. Even if a retailer or hotel is displaying double prices, they may not have the facility to bill in euros, he says.

American Express and Thomas Cook, the UK travel and financial services group, each launched euro travellers cheques and say that sales so far have been slow.

Hotel groups have been at the forefront of the introduction of dual-billing, so that guests are presented with bills in the local currency, and the equivalent in euros. International chains such as Accor and Inter-Continental each set up staff training programmes more than two years ago.

The euro rates do not just apply to hotels in Europe. Hyatt quotes rates in euros for its 182 hotels worldwide.

However, Antoine Corinthios, vice-president of operations of the Four Seasons hotel chain, says that while it quotes its rates in euros on request "I don't think the market is totally in that mode yet."

"People are counting in local currencies. It will probably be another year until the euro becomes the modus operandi."

Where hotels do find that they are breaking new ground is in the education of

customers, particularly those from outside Europe. "A lot of people from the US and Japan don't understand the distinction between the euro-zone and Europe," says a spokeswoman for Inter-Continental. "Most people coming to us are new to the euro - they're looking to us to guide them. Visitors from the US and Japan are looking at their bills and saying 'what happens - what do I do with this.' Our staff therefore have been training guests."

The euro has yet to make an impact on the car hire sector, where observers had predicted that increased price transparency would tend to equalise rates. But within the euro-zone one car hire company is quoting €43.70 a day for a Volkswagen Polo in Belgium, compared with €24.50 for a com-

parable car in Spain. However, Tony Miles, finance and operations director of Republic Industries, which owns National and Alamo, says that until there is greater tax harmonisation across Europe, particularly on vehicles, such differences are bound to persist.

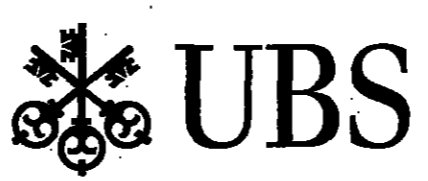
In the airline industry, analysts say that price transparency will not in itself be enough to drive down prices. At least as important, argues a study by PricewaterhouseCoopers, the advisory practice, is the emergence of new cheap short-haul airlines such as Easy Jet, Ryan Air and Go.

Travellers have for some time been able to circumvent air fare disparity by accessing global reservations systems such as Sabre which can automatically seek out the lowest prices. Chris Burnett, product marketing manager of Wexas, the travel club, says: "Sabre does all the calculations for us by doing all the research behind the scenes."

The big airlines such as Lufthansa and British Airways do have the facility to charge in euros and account for much of the euro transactions at American Express.

Large tour operators say that until the introduction of euro notes and coins in 2002, customers will notice little practical difference when travelling through the euro-zone, though the fixing of national currency rates should stabilise holiday prices within the Ecu area.

Elizabeth Robinson



What investors should know about the euro is just a mouse click away. www.ubs.com/pbeuro

UBS AG - Euro Opportunities - NetScope

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- Investors guide to the euro
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- Publications

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CURRENCIES & MONEY

Yen drops on talk of US urge to ease

MARKETS REPORT

By Alan Beattie and Melanie Carroll

Market analysts said that the yen had dropped on talk of US urging to ease monetary policy...

Rumours that the US administration was actively pushing Japan to loosen monetary policy knocked the yen sharply lower against the dollar yesterday.

POUND IN NEW YORK

The pound fell in New York trading on Thursday, closing down at 1.5297.

Speculation in the market for the meeting's outcome has varied between a radical shift towards monetisation...

The Bank of England's quarterly inflation report yesterday managed to pull off what successive interest rate cuts have failed to do...

A dovish report and emphasis on falls in inflation expectations pushed the pound down to \$1.529 against the dollar.

Short sterling prices also rose across the strip, with the largest rises of up to 8 basis points in contracts expiring later this year.

large short term negative factor for the Aussie. However they warn short term investors to keep tight stops.

They predict a low of A\$0.60 in the next month. But HSBC analyst Ian Morris said he was bullish about the fundamentals of the Aussie...

The only weakness is languishing commodity prices, although there has been a reorganisation of the Australian dollar from commodities...

The Australian dollar hit a one-week low against the US dollar yesterday, dampened by weakness in the yen and continued low commodity prices.

Analysts at ABNAMRO said commodity prices have formed a base after renewed weakening and are not a

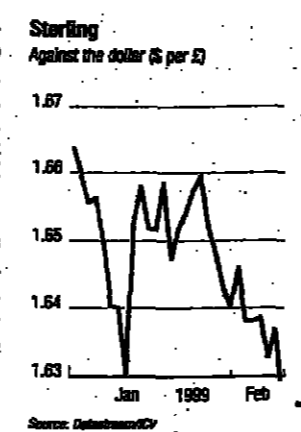
US\$0.646, against US\$0.648 yesterday. The New Zealand dollar also fell after hitting a nine-month high on Monday.

Forthcoming developments may push the Aussie either way. Australian January labour market figures will be released today after a lead-in of consistently positive data...

But in the longer term, Deutsche Bank's rumoured sale of investment bank BT Australia for an estimated A\$80 bn may be big enough to move the currency down.

The bank has two obvious potential buyers - the Commonwealth Bank of Australia (CBA) and ING.

The CBA as buyer could have a negative effect on the Australian dollar, with the likely conversion of A\$bn into euros. A sale to ING is likely to bypass the Aussie altogether and be completed in euros.



contracts out there look good value at the moment.

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WORLD INTEREST RATES

MONEY RATES

Table showing money rates for various currencies including Euro-zone, Switzerland, US, Japan, and others.

INTERNATIONAL CURRENCY RATES

Table showing international currency rates for various currencies like GBP, CHF, NZD, etc.

THREE MONTH EURO LIBOR FUTURES

Table showing three-month Euro Libor futures prices for various maturities.

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POUND SPOT FORWARD AGAINST THE POUND

Table showing pound spot and forward rates against the pound for various currencies.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table showing dollar spot and forward rates against the dollar for various currencies.

CROSS RATES AND DERIVATIVES

Table showing cross rates and derivatives for various currencies.

UK INTEREST RATES

Table showing UK interest rates for various maturities.

LONDON MONEY RATES

Table showing London money rates for various currencies.

BASE LENDING RATES

Table showing base lending rates for various banks.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates for various currencies.

PHILADELPHIA SE 2525 OPTIONS

Table showing Philadelphia SE 2525 options prices.

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Financial Results Year Ending 1998

Directors' Report: 1998 was a year that saw Saudi American Bank continue the process of consolidating and strengthening our position as a market leader in product development, quality and performance.

Financial Highlights

Table showing financial highlights for 1998 and 1997, including assets, liabilities, and earnings.

Advertisement for 'Your Legal Notices' featuring contact information for Melanie Miles.

Advertisement for Saudi American Bank, including contact information and services.

COMMODITIES & AGRICULTURE

SHEEPMEAT FARMERS' COMPLAINT UPHELD

NZ exporters to fight US lamb ruling

By Terry Hall in Wellington

The New Zealand meat industry is to step up efforts over coming weeks to overturn a ruling by the US Trade Commission that threatens the future of the country's NZ\$100m (US\$66m) lamb exports to the United States.

The commission upheld a complaint by US lamb producers that imports were unfairly threatening and injuring their livelihoods. Cyndi Siddoway, vice-president of the US Sheepmeat Association, said imports had soared in recent years, undercutting prices of the local product by 70 per cent.

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American sheep: US farmers say imports undercut their prices. AP

News of production cuts fails to lift nickel

MARKETS REPORT

By Robert Corzine, Gillian O'Connor and Paul Soliman

Two announcements of cuts in nickel production failed to galvanise the price on the London Metal Exchange yesterday.

First Norilsk, the big Russian producer, announced plans to cut output at its core unit, the Siberian Norilsk plant, by 5.6 per cent and at its Severonik plant by 10 per cent, during the period of modernisation work.

The revamp, due to start in the second quarter, could last the whole year. Then Inco, the big Canadian nickel producer, revealed plans to reduce its 1999 output to 408m lbs, compared with 420m lbs in 1998.

The oil terminals in the Gulf of Finland remain for the time being a distant menace, but the Butinge terminal is an immediate threat and object of an acrimonious dispute between Latvia and Lithuania.

Butinge, which is partly owned by Williams International of the US, may start reloading oil later this month. Oil will not be reloaded from a conventional dock, but from a floating buoy.

Despite intense diplomatic efforts on their behalf, Latvian oil men privately concede that Butinge is not an environmental issue, but a financial one.

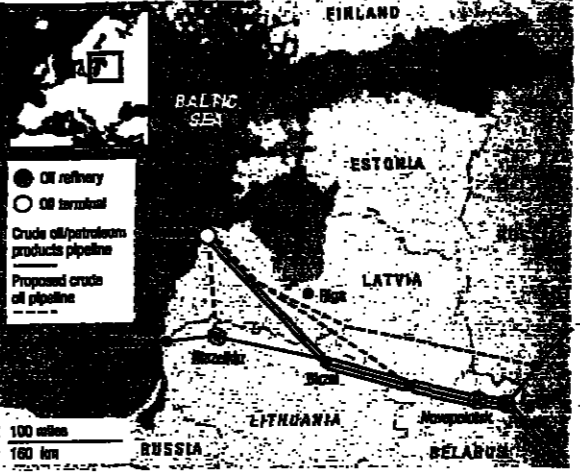
The existing oil pipeline running from Polotsk in Belarus, via Lithuania, to Ventspils is operating at full capacity of about 15m tonnes of crude per year and plans had been drafted to build a new pipeline.

A joint Latvian-Russian company, Western Pipeline System, was founded to arrange the financing and possible routes were explored.

The best route, according to Ojars Kehris, deputy chairman of LatRoTrans, a shareholder of Western Pipeline System, would be a pipeline connecting Ventspils with the Mazekiu Nafta refinery in northern Lithuania.

Latvia under threat as conduit for Russian oil exports

The port of Ventspils faces stiff competition from rival ventures in the region hoping to grab a share of the lucrative oil transit business, reports Matej Vipotnik



complete the Butinge terminal, ostensibly to ensure Lithuania's "energy independence".

COMMODITIES PRICES

BASE METALS

Table of base metal prices including London Metal Exchange, Aluminum, Copper, Zinc, Lead, Tin, and Nickel.

PRECIOUS METALS continued

Table of precious metal prices including Gold, Silver, Platinum, and Palladium.

ENERGY

Table of energy prices including Crude Oil, Heating Oil, and Natural Gas.

GRAINS AND OIL SEEDS

Table of grain and oil seed prices including Wheat, Corn, Soybeans, and Rapeseed.

SOFTS

Table of soft commodity prices including Coffee, Cocoa, and Sugar.

MEAT AND LIVESTOCK

Table of meat and livestock prices including Live Cattle, Pork, and Lamb.

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JOTTER PAD with a grid for notes and a crossword puzzle.

CROSSWORD puzzle with clues and a grid.

Additional crossword puzzle with clues and a grid.

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OFFSHORE AND OVERSEAS

BERMUDA (FSA RECOGNISED)

Table listing fund names and prices for Bermuda (FSA Recognised) funds.

BERMUDA (REGULATED)**

Table listing fund names and prices for Bermuda (Regulated) funds.

CAYMAN ISLANDS (REGULATED)**

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Large table listing various offshore funds with columns for fund name, price, and other details.

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Advertisement for Radisson Edwardian Hotels London, featuring a portrait of a man and the text 'Connect with your audience'.

Large vertical advertisement on the left side of the page, including text like 'to lift nickel', 'Russian oil exports', and 'CROSSWORD'.

FT MANAGED FUNDS SERVICE

Offshore Funds and Insurances

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 1773) 673 4278 for more details.

JERSEY (FSA RECOGNISED)

Table listing various offshore funds under the Jersey (FSA Recognised) category, including fund names, managers, and performance metrics.

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OFFSHORE INSURANCES

Table listing offshore insurance products, including company names and policy details.

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FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

FT Online Unit Trust Prices are available over the telephone. Call the FT Online Help Desk on (44) 1753 873 4276 for more details.

Table of fund data including columns for fund name, currency, and price. Includes sections for 'OTHER OFFSHORE FUNDS' and 'AXA Investment Managers Hong Kong Ltd'.

Table of fund data including columns for fund name, currency, and price. Includes sections for 'DWS Deutsche Ges. F. Wertpapiere', 'Credito Group', and 'Deutsche Bank Investment Group - Credit'.

Table of fund data including columns for fund name, currency, and price. Includes sections for 'Mondetta Asset Management', 'Scudder, Stevens & Clark Inc', and 'M & P Investment Management'.

Advertisement for FT Managed Funds Service. Text: 'MORE PEOPLE LIVING LONGER INTO RETIREMENT. FEWER LEFT TO SUPPORT THEM. AN INSTITUTIONAL INVESTOR CAN GO GREY JUST THINKING ABOUT IT.' Includes a logo and the tagline 'Serving Institutional Investors Worldwide'.

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LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table with columns for company names, share prices, and changes. Includes entries like Diageo, Heineken, and Carlsberg.

BANKS, RETAIL

Table listing banks and retail companies, including HSBC, Barclays, and Marks & Spencer.

BREWERS, PUBS & REST

Table of brewery and pub companies such as Asahi, InBev, and Tiscotti.

BUILDING MATS. & MERCHANTS

Table of building materials and merchants like Bunnings, Wickes, and The Home Depot.

CHEMICALS

Table of chemical companies including BASF, Dow Chemicals, and DuPont.

CONSTRUCTION

Table of construction firms like Bovis Lend Lease, Hochtief, and Bovis.

CONSTRUCTION - Cont'd

Continuation of construction companies table.

DISTRIBUTORS

Table of distribution companies including Unilever, Nestle, and Mars.

DIAGNOSTICS

Table of diagnostic companies like Abbott, Becton Dickinson, and Beckman.

ELECTRICITY

Table of electricity companies such as British Energy, EDF, and E.ON.

ELECTRONIC & ELECTRICAL EQPT

Table of electronic and electrical equipment companies like Agilent, Keysight, and Tektronix.

ENGINEERING - Cont'd

Continuation of engineering companies table.

ENGINEERING - Cont'd

Continuation of engineering companies table.

FARMERS

Table of farming companies like Asahi, Asahi, and Asahi.

ENGINEERING - Cont'd

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Interactive Investor is a free website devoted to making the most up-to-date financial information available to you. One visit could make all the difference to your portfolio.

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INSURANCE - Cont'd

Continuation of insurance companies table.

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INVESTMENT TRUSTS - Cont'd

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LONDON SHARE SERVICE

OTHER INVESTMENT TRUSTS

Table listing various investment trusts with columns for name, price, and change.

INVESTMENT COMPANIES

Table listing investment companies with columns for name, price, and change.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for name, price, and change.

LIFE ASSURANCE

Table listing life assurance companies with columns for name, price, and change.

MEDIA - Continued

Table listing media companies with columns for name, price, and change.

PROPERTY - Continued

Table listing property companies with columns for name, price, and change.

SUPPORT SERVICES - Continued

Table listing support services companies with columns for name, price, and change.

TRANSPORT - Continued

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TRANSPORT

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AMERICANS

Table listing American companies with columns for name, price, and change.

CANADIANS

Table listing Canadian companies with columns for name, price, and change.

SOUTH AFRICANS

Table listing South African companies with columns for name, price, and change.

TRADED INDEX SECURITIES

Table listing traded index securities with columns for name, price, and change.

AIM

Table listing AIM companies with columns for name, price, and change.

Alternative Investment Market

Table listing Alternative Investment Market companies with columns for name, price, and change.

GUIDE TO LONDON SHARE SERVICE

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The FT web site

London share prices are available throughout the trading day... For more information visit our website.

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LONDON STOCK EXCHANGE

Six-session spin sends Footsie down 4 per cent

MARKET REPORT By Steve Thompson, UK Stock Market Editor

The downside pressure affecting London equities spilled over into a sixth day yesterday and quickly encompassed the whole of the market place. It dragged down all the leading indices and finally brought the 11-session sequence of winning performances by the FTSE SmallCap index to a grinding halt.

in the red - the FTSE 100 closing the session a net 9.7 off at 5,770.3, extending the decline over the six sessions to 242.8 or 4 per cent.

At its worst, shortly before Wall Street opened, the index had dropped below 5,700 and threatened another three-figure decline. The FTSE 250 index also suffered, eventually settling 19.9 off at 5,157.6, having been down 38.7 at its worst. The FTSE SmallCap was finally 5.7 down at 2,216.3.

don dealers. The Dow was up 80 points not long after the opening bell, only to drift back as the UK market drew to a close.

Earlier, the prime reason for London's decline was again Wall Street, where the Dow Jones Industrial Average's overnight 158-point decline unnerved investors right across global markets. Wall Street's weakness was triggered by a sell-off in high-tech and internet stocks, which have been driven to unrealistically high levels according to many market observers, among them Alan Green-

span, chairman of the US Federal Reserve. London was also affected by the latest Bank of England quarterly inflation report, which was gloomy about growth prospects for this year, although it emphasised that UK inflation should remain around the government's 2.5 per cent target for at least two years.

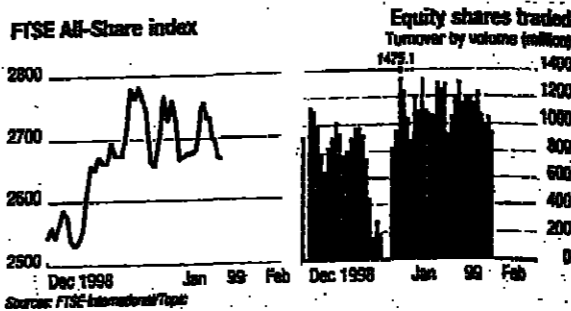
The Bank's report said growth in gross domestic product would grow between 0.5 per cent-1 per cent this year. Not surprisingly, the overall weakness in the market led investors to seek out traditional defensive or safe-

haven plays such as utilities and food manufacturers. And the prospect of more interest rate cuts in the pipeline - many strategists are looking for UK interest rates to fall to 5 per cent by the end of this year - encouraged some keen buying of general and food retailers.

The outstanding performance in the FTSE 100 came from BSkyB, whose shares rocketed after the triumphant success of the company's new Sky Digital television system, which is winning new customers at a faster rate than expected. Dealers are bracing them-

selves for this morning's preliminary results from Lloyds TSB, the first of the big UK banks to report since the extreme turbulence in global markets towards the end of last year.

Tuesday's sell-off in the high-tech/internet areas caused severe damage to related UK stocks. Dixon's, the high street retailer whose free internet service has been an instant success, fell heavily, while Psion, the computer group, was the worst of the FTSE 250 stocks after a profits warning. Turnover at 6pm was 960m shares.



Equity shares traded Turnover by volume (million) Table with columns for Index, Volume, and Turnover.

Indices and ratios Table with columns for Index, Change, and Ratio.

Oil group up on talk of merger

COMPANIES REPORT By Peter John, Martin Brice and Joel Kibazo

Monument Oil & Gas was the best performer in the mid-cap index with a near 10 per cent rise as the exploration and production stock became the sector's merger stock of choice.

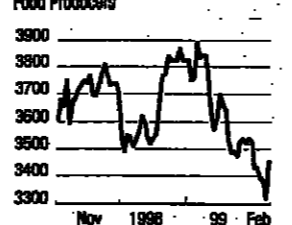
issue paper and that would not go down well. Monument ended the day 4 1/2% higher at 41 1/2p and Enterprise lifted 1 1/2% to 249 1/2p with dealers expressing relief it had shifted away from Lasso. Premier fell 1/2 to 12 1/2p.

BSkyB jumped 60% to 47 1/2p in reaction to news of strong sales of the satellite broadcaster's recently launched digital TV service. The announcement that BSkyB had beat its own target of 200,000 digital sales by the end of 1998, with sales reaching over 350,000, wiped out the impact of poor profits. BSkyB posted a sharp

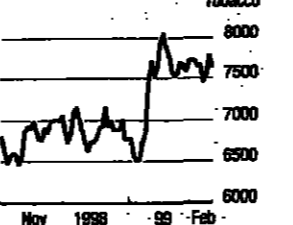
fall in first-half profits to £53.2m, below analyst forecasts, which were mostly in a range between £58m and £36m.

And good news for BSkyB meant bad news for rival Carlton Communications. Carlton, which has ONdigital in a 50:50 joint venture with Granada, slumped 38 to 596p. Its agm statement that it made a good start to the year had little effect on the shares. Granada, however, was more stable with a slide of only 8% to 111.25p.

Best and worst performing FTSE sectors



Worst performing FTSE sectors



one sector specialist.

The latest bid talk came this week after the sudden departure of the company's chief executive and finance director. Entertainment and hotels giant Granada Group and Whitbread were mentioned in the market yesterday as possible predators for the Sunderland-based brewer. Vaux shares gained another 25 to 301 1/2p while those of Whitbread declined 1 1/2% to 906 1/2p.

FUTURES AND OPTIONS

Table with columns for Index, Open, Sell price, Change, High, Low, Est. vol, Open int. Includes FTSE 100 INDEX FUTURES and FTSE 250 INDEX FUTURES.

FT 30 INDEX

Table with columns for Index, High, Low, Change, etc. for FT 30 INDEX.

STOCK MARKET TRADING DATA

Table with columns for Sector, Buy orders, Sell orders, etc. for various sectors like SEAG, Equity, Shares, etc.

London market data

Table with columns for Index, High, Low, etc. for London market data.

US group being acquired by Vodafone.

The profits warning from Psion prompted the volatile stock to suffer one of the worst performances in the market. It said weaker-than-expected revenues at its data communications division. Psion Dacom, would hit profits of 31.5p in 2001, an upgrade of 11 per cent.

Computers software group Eidos was up 15 at £11.50

ahead of results due within the next fortnight. One broker was said to be telling clients the figures were likely to be unexpectedly strong. Shares in mobile telephone operator Vodafone Group improved 7 to £10.64 after ABN Amro upgraded its earnings per share forecasts for the group.

Analysts said it was the clearest signal so far that United wanted to do a deal

and raised the question of what alternatives might open up. Reuters Group fell 39% to 783 1/2p on further consideration of Tuesday's figures, which were muddied by electronic delays. Reuters stressed that its figures appeared on its screens at the appointed time and delay in publication of the statement was down to the stock exchange's RNS service.

LONDON RECENT ISSUES: EQUITIES

Table with columns for Issue, Amount, Latest price, etc. for various equity issues.

RIGHTS OFFERS

Table with columns for Issue, Amount, Latest price, etc. for rights offers.

Large advertisement for European Community Newspaper. Includes headline 'European Community Newspaper', a large image of the newspaper, and subscription information: 'Subscribe for a year and receive 4 weeks extra free.' and 'More senior business people in Europe read the FT than ever before'.

FTSE Actuaries Share Indices

Table with columns for Index, Days, etc. for various FTSE Actuaries Share Indices.

TRADING VOLUME

Table with columns for Index, Volume, etc. for various trading volumes.

Hourly movements

Table with columns for Index, High, Low, etc. for hourly movements.

Major Stocks yesterday

Table with columns for Index, Volume, etc. for major stocks yesterday.

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE (EMU) Prices in €

Table of stock prices for European countries (EMU) including Austria, Belgium, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, and Switzerland.

EUROPE (NON-EMU) Prices in £

Table of stock prices for non-EMU European countries including Denmark, Finland, Norway, Sweden, and Switzerland.

FRANCE (Feb 10) € 5,467.76

Table of French stock market indices including CAC 40, CAC Mid 100, and CAC Small Cap.

FRANCE (Feb 10) £ 5,597.76

Table of French stock market indices in British pounds.

GERMANY (Feb 10) € 4,779.78

Table of German stock market indices including DAX 30, DAX 100, and DAX Small Cap.

GERMANY (Feb 10) £ 4,897.78

Table of German stock market indices in British pounds.

ITALY (Feb 10) € 3,979.78

Table of Italian stock market indices including ISEQ 100, ISEQ 200, and ISEQ Small Cap.

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FTSE ACTUARIES WORLD INDICES

The FTSE Actuaries World Indices are owned by FTSE International Limited, London, and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries.

Table of FTSE Actuaries World Indices showing various regional and global indices with their respective values and changes.

Emerging markets: IFC investable indices

Table of Emerging markets: IFC investable indices listing various emerging market indices and their performance.

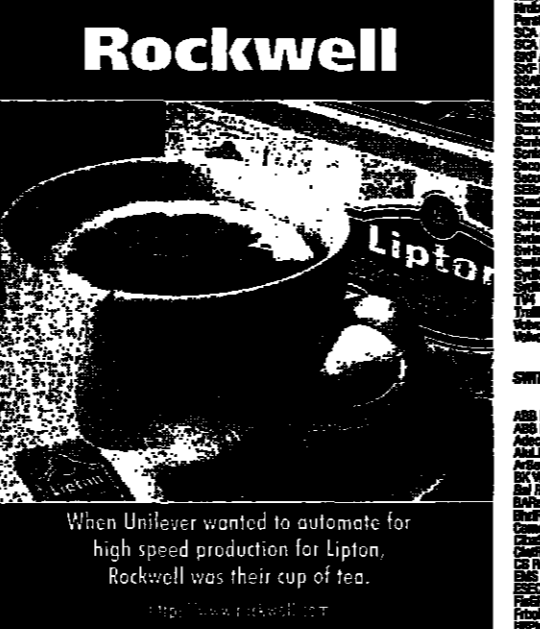
AFRICA

Table of African stock market indices including South Africa, Egypt, and other regional indices.

AMERICAS

Table of American stock market indices including Canada, Mexico, and other regional indices.

Additional market data and notes at the bottom of the page, including a small advertisement for Rockwell.



NEW YORK STOCK EXCHANGE PRICES

4 pm (GMT) February 10

Main table of New York Stock Exchange prices listing various stocks, their prices, and market data.

Table of international market data, including indices and prices for various regions.

IN-SECTS (Pan European Sector Indices from EuroBench) - A table listing various European sector indices and their performance.

Handwritten text at the bottom of the page: '150 100 50'.

GLOBAL EQUITY MARKETS

US INDICES

Table of US stock indices including S&P 500, Dow Jones, NASDAQ, and Russell 2000 with columns for index name, Feb 10, Feb 9, Feb 8, 1999, and % change.

US DATA

Table of US economic data including market activity, ISM survey, and various economic indicators with columns for indicator name, Feb 8, Feb 9, Feb 5, and % change.

JAPAN

Table of Japanese stock indices including Nikkei 225, TOPIX, and Nikkei 500 with columns for index name, Feb 10, Feb 9, Feb 8, 1999, and % change.

FRANCE

Table of French stock indices including CAC 40, CAC Mid 100, and CAC Small Cap with columns for index name, Feb 10, Feb 9, Feb 8, 1999, and % change.

GERMANY

Table of German stock indices including DAX, DAX Mid 100, and DAX Small Cap with columns for index name, Feb 10, Feb 9, Feb 8, 1999, and % change.

UK

Table of UK stock indices including FTSE 100, FTSE 250, and FTSE All-Share with columns for index name, Feb 10, Feb 9, Feb 8, 1999, and % change.

INDEX FUTURES

Table of US index futures including S&P 500, Dow Jones, and NASDAQ with columns for index name, Feb 10, Feb 9, Feb 8, 1999, and % change.

WORLD MARKETS AT A GLANCE

Large table of world market data for various countries including Argentina, Brazil, Canada, Chile, Colombia, Czech Republic, Denmark, Hong Kong, India, Indonesia, Israel, Italy, Japan, Korea, Malaysia, Mexico, New Zealand, Norway, Pakistan, Philippines, Poland, Portugal, Russia, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, USA, and Venezuela.

THE NASDAQ-AMEX MARKET GROUP

Large table of NASDAQ and AMEX market data listing various stocks with columns for stock name, price, change, and volume.

EASDAQ

Table of EASDAQ market data listing various stocks with columns for stock name, price, change, and volume.

STOCK MARKETS

Wall Street gravity weighs investors down

WORLD OVERVIEW The overnight pullback on Wall Street, when high-flying cyberstocks kept an overdue appointment with gravity...

was restrained ahead of a public holiday today and growing expectations that tomorrow's Bank of Japan policy meeting could result in easier monetary policy.

The European markets made a weak start and largely failed to capitalise on Wall Street's early bounce. Frankfurt gave ground for a third consecutive day...

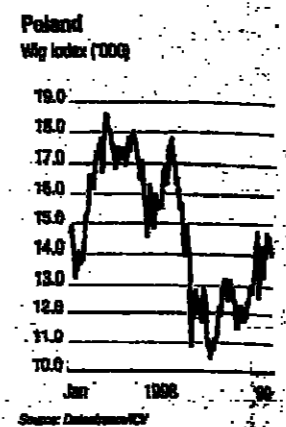
Central Bank would cut interest rates this year. Against the trend, Milan and Madrid managed to reverse early losses to end in positive territory.

per cent outperformance by growth stocks over value stocks last year, the time was now right to switch.

Although the rise in the long bond yield was a reflection of fears of chronic oversupply rather than deflation, it had still led to a bounce in value stocks.

EMERGING MARKET FOCUS Warsaw seeks new managers

The political turbulence triggered by Poland's ambitious attempts to reform its health and pension systems and reorganise local government has yet to hit the Warsaw stock market...

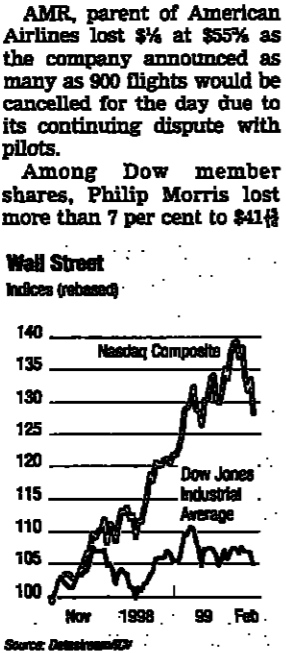


Warsaw exchange, which now has a capitalisation of \$24bn, are managed. Last year Nomura Securities, which has a strategic stake in Impexmetal, a debt-ridden industrial conglomerate...

However, the downturn in the foreign exchanges for the Polish currency has coincided with the growth of investor concerns for the political situation. There are also worries that the current account deficit may well top 5 per cent of gross domestic product this year.

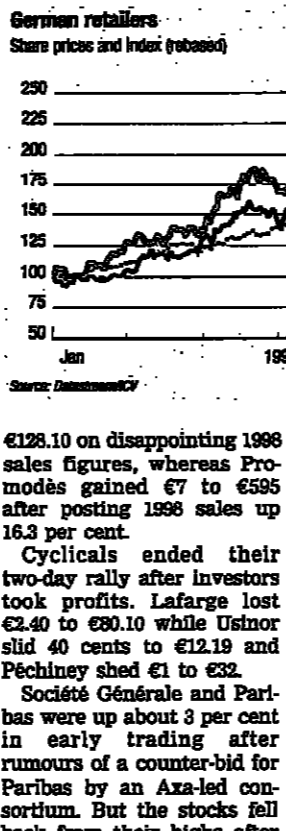
High-techs lose footing in early rally

A morning scramble higher by high-tech shares lost its footing by midday as investors continued to trade cautiously on Wall Street...



Downgraded retailer sold off

German equities fell to their lowest level for almost two months after Frankfurt tumbled 36.63 to 4,814.04 on the Xetra Dax index for a two-day decline of 5.5 per cent.



Shares in Giorgio Armani's clothing manufacturer Simint ended 35.3 cents up at a session high of 67.485. The stock was boosted by news that Armani was in talks with French goods group LVMH over a possible alliance.

MADRID returned from negative territory to end 1.4 per cent higher after the robust opening on Wall Street dispelled fears of a run on high-tech shares.

But there were disturbing signs despite the pick-up in the leading indices. "There's continued ugliness in the Russell 2000," said Bill Meehan, chief market analyst at Cantor Fitzgerald.

after a jury in California found the company liable in a tobacco case. TORONTO was trading slightly lower at mid-session, dragged down by weakness in financial and internet stocks.

Among insurers under pressure, Zurich Allied lost SF35 to SF949 and Balotse was SF24 lower at SF1,219. Telecom carrier Swisscom gave up SF19 to SF961 on speculation that the government might soon sell another tranche of its stake in the company.

Among the few blue-chip winners, Alusuisse, due to release 1998 financial data tomorrow, put on SF4 to SF1,629. Analysts said they expected a 10 to 16 per cent increase in Alusuisse's net profit.

short-covering was triggered by the futures market. The real-time Mibtel index closed with a gain of 247 at 22,645. Shares in Unicredit shot up 30.1 cents or 7.4 per cent to 64.381 on news that the public sale of stock held by its three shareholder foundations could be postponed until mid-April.

Disappointing 1998 sales sent Stora Enso down 53 cents to 68.19, dragging the forestry sector 4.3 per cent lower. Stronger-than-expected 1998 operating profits helped co-operative banking group Okobank rise 80 cents to 616.50.

Brazil investors await currency developments

Latin America traded narrowly in low volumes as investors awaited currency and political developments. SAO PAULO mirrored the broad trend in the region, showing little change at mid-session after the volatility of the past two days when the Bovespa index fell first 4.6 per cent then 1.7 per cent.

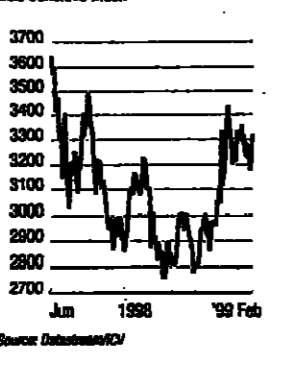
CARACAS edged lower in early trading as reluctant investors gave only a neutral welcome to the economic package announced late on Tuesday. The IPC index shed 5.57 to 4,163.35 at mid-session.

With Stanbic down 165 cents at R18.10 and Liberty Life off R10.60 at R92, financials retreated 1.6 per cent to 9,155.5. Industrials fell 1.2 per cent to 8,626.5.

Shares in Johannesburg continued to lose ground, weighed down by currency weakness and big falls at merger partners Stanbic and Liberty Life. The all share index came off 58.9 at 5,837.5.

NZ uneasy on rate uncertainty

Extending the recent easier trend, WELLINGTON accelerated downwards with the 40 capital index sliding 62.49 or 2.6 per cent to 2,105.80. Brokers said light volume of NZ\$76m suggested that selling had been relatively modest, but that sentiment had nonetheless taken a turn for the worse.



dated pre-tax profit would amount to Y9bn compared with the previous forecast of Y22bn. Kawasaki Steel dropped 1.3 per cent or Y2 to Y152.

With Stanbic down 165 cents at R18.10 and Liberty Life off R10.60 at R92, financials retreated 1.6 per cent to 9,155.5. Industrials fell 1.2 per cent to 8,626.5.

NZ Telecom fell 35 cents to NZ\$8.80 and Fletcher Building came off 21 cents at NZ\$2.92. TOKYO was little changed, poised between a stronger dollar and concerns over recent profit downgrades, writes Julie Hess.

to 215.65 and the Topix index of all first section shares off 0.56 at 1,093.09. Securities houses were the worst performing sector with a 1.7 per cent decline. Nomura dropped 4.4 per cent or Y41 to Y900, after the Financial Times reported that Japan's leading broker had executed Y1,000bn in off-market bond trades for clients.

Shares in Johannesburg continued to lose ground, weighed down by currency weakness and big falls at merger partners Stanbic and Liberty Life. The all share index came off 58.9 at 5,837.5.

Shares in micromotor maker Johnson Electric Holdings crashed HK\$32 or 9.3 per cent to HK\$19.60, which some analysts said reflected profit-taking from a run-up in the stock since the end of January.

Advertisement for Portman travel agency. Features four t-shirts with names: HOGGER 2, PORTMAN 4, CARLSON W 3. Text: 'We dance, they dribble.' Includes contact information for Portman.

Large advertisement for FINA (Financial Intelligence Network Asia) with various headlines and graphics.

Handwritten Arabic text at the bottom of the page.